

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited; in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2016	2015
Revenue:		
Equipment sales	\$ 159,361	\$ 165,964
Supplies	72,051	73,368
Software	78,058	86,357
Rentals	104,090	113,997
Financing	97,423	105,630
Support services	128,260	139,558
Business services	205,346	205,807
Total revenue	<u>844,589</u>	<u>890,681</u>
Costs and expenses:		
Cost of equipment sales	71,539	75,013
Cost of supplies	20,690	22,659
Cost of software	26,815	29,864
Cost of rentals	20,495	20,701
Financing interest expense	14,915	18,770
Cost of support services	75,249	83,599
Cost of business services	135,538	139,919
Selling, general and administrative	326,882	314,529
Research and development	26,568	26,048
Restructuring charges, net	6,933	(81)
Interest expense, net	19,301	24,064
Total costs and expenses	<u>744,925</u>	<u>755,085</u>
Income from continuing operations before income taxes	99,664	135,596
Provision for income taxes	37,024	50,547
Income from continuing operations	62,640	85,049
Income from discontinued operations, net of tax	-	157
Net income	62,640	85,206
Less: Preferred stock dividends attributable to noncontrolling interests	4,594	4,594
Net income - Pitney Bowes Inc.	<u>\$ 58,046</u>	<u>\$ 80,612</u>
Amounts attributable to common stockholders:		
Net income from continuing operations	\$ 58,046	\$ 80,455
Income from discontinued operations, net of tax	-	157
Net income - Pitney Bowes Inc.	<u>\$ 58,046</u>	<u>\$ 80,612</u>
Basic earnings per share attributable to common stockholders:		
Continuing operations	\$ 0.30	\$ 0.40
Discontinued operations	-	-
Net income - Pitney Bowes Inc.	<u>\$ 0.30</u>	<u>\$ 0.40</u>
Diluted earnings per share attributable to common stockholders:		
Continuing operations	\$ 0.30	\$ 0.40
Discontinued operations	-	-
Net income - Pitney Bowes Inc.	<u>\$ 0.30</u>	<u>\$ 0.40</u>
Weighted-average shares used in diluted earnings per share	<u>193,181,424</u>	<u>202,679,433</u>

Pitney Bowes Inc.
Consolidated Balance Sheets
(Unaudited; in thousands, except share amounts)

<u>Assets</u>	March 31, 2016	December 31, 2015 (1)
Current assets:		
Cash and cash equivalents	\$ 612,987	\$ 650,557
Short-term investments	122,147	117,021
Accounts receivable, net	383,839	457,327
Short-term finance receivables, net	912,755	935,170
Inventories	100,353	88,824
Current income taxes	11,494	6,584
Other current assets and prepayments	70,609	64,325
Total current assets	2,214,184	2,319,808
Property, plant and equipment, net	335,760	330,088
Rental property and equipment, net	178,877	180,662
Long-term finance receivables, net	741,138	763,054
Goodwill	1,765,002	1,745,957
Intangible assets, net	184,047	187,378
Noncurrent income taxes	68,437	70,294
Other assets	518,377	525,891
Total assets	\$ 6,005,822	\$ 6,123,132
 <u>Liabilities, noncontrolling interests and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,311,486	\$ 1,448,321
Current income taxes	27,471	16,620
Current portion of long-term debt and notes payable	269,732	461,085
Advance billings	356,412	353,025
Total current liabilities	1,965,101	2,279,051
Deferred taxes on income	216,648	205,668
Tax uncertainties and other income tax liabilities	67,502	68,429
Long-term debt	2,775,213	2,489,583
Other noncurrent liabilities	561,720	605,310
Total liabilities	5,586,184	5,648,041
Noncontrolling interests (Preferred stockholders' equity in subsidiaries)	296,370	296,370
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	1	1
Cumulative preference stock, no par value, \$2.12 convertible	492	505
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	145,755	161,280
Retained earnings	5,177,573	5,155,537
Accumulated other comprehensive loss	(839,842)	(888,635)
Treasury stock, at cost	(4,684,049)	(4,573,305)
Total Pitney Bowes Inc. stockholders' equity	123,268	178,721
Total liabilities, noncontrolling interests and stockholders' equity	\$ 6,005,822	\$ 6,123,132

(1) Certain prior year amounts have been revised for accounting rules that became effective January 1, 2016.

Pitney Bowes Inc.
Business Segments - Revenue and EBIT
(Unaudited; in thousands)

	Three Months Ended March 31,		
	2016	2015	% Change
Revenue			
North America Mailing	\$ 349,726	\$ 361,874	(3%)
International Mailing	103,759	116,173	(11%)
Small & Medium Business Solutions	453,485	478,047	(5%)
Production Mail	87,425	99,503	(12%)
Presort Services	127,396	121,531	5%
Enterprise Business Solutions	214,821	221,034	(3%)
Software Solutions	77,922	86,237	(10%)
Global Ecommerce	98,361	75,386	30%
Digital Commerce Solutions	176,283	161,623	9%
Other	-	29,977	(100%)
Total revenue	\$ 844,589	\$ 890,681	(5%)
EBIT (1)			
North America Mailing	\$ 155,915	\$ 163,665	(5%)
International Mailing	11,851	11,724	1%
Small & Medium Business Solutions	167,766	175,389	(4%)
Production Mail	6,824	9,032	(24%)
Presort Services	28,910	27,494	5%
Enterprise Business Solutions	35,734	36,526	(2%)
Software Solutions	(2,572)	4,133	(162%)
Global Ecommerce	772	8,146	(91%)
Digital Commerce Solutions	(1,800)	12,279	(115%)
Other	-	4,958	(100%)
Total EBIT	201,700	229,152	(12%)
Unallocated amounts:			
Interest, net (2)	(34,216)	(42,834)	
Corporate and other expenses	(57,767)	(50,803)	
Restructuring charges, net	(6,933)	81	
Acquisition/disposition related expenses	(3,120)	-	
Income from continuing operations before income taxes	\$ 99,664	\$ 135,596	

(1) Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges and other items, which are not allocated to a particular business segment.

(2) Includes financing interest expense and interest expense, net.

Pitney Bowes Inc.
Reconciliation of Reported Consolidated Results to Adjusted Results
(Unaudited; in thousands, except per share amounts)

	Three Months Ended March 31,	
	2016	2015
Income from continuing operations after income taxes	\$ 62,640	\$ 85,049
Restructuring charges, net	4,628	(53)
Loss on disposition of businesses	2,175	-
Income from continuing operations after income taxes, as adjusted	69,443	84,996
Provision for income taxes, as adjusted	40,274	50,519
Income from continuing operations before income taxes, as adjusted	109,717	135,515
Interest, net	34,216	42,834
EBIT, as adjusted	143,933	178,349
Depreciation and amortization	44,300	42,496
EBITDA, as adjusted	\$ 188,233	\$ 220,845
Diluted earnings per share from continuing operations	\$ 0.30	\$ 0.40
Restructuring charges, net	0.02	-
Loss on disposition of businesses	0.01	-
Diluted earnings per share from continuing operations, as adjusted	\$ 0.34	\$ 0.40
Net cash provided by operating activities	\$ 58,366	\$ 103,887
Capital expenditures	(40,504)	(43,908)
Restructuring payments	21,656	21,874
Pension contribution	36,731	-
Reserve account deposits	(16,253)	(20,077)
Payments related to investment divestiture	-	23,160
Other	189	-
Free cash flow, as adjusted	\$ 60,185	\$ 84,936

Note: The sum of the earnings per share amounts may not equal the totals due to rounding.