

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited)

(Dollars in thousands, except per share data)

	2012					2011					2010				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Revenue:															
Equipment sales	\$ 220,179	\$ 224,235	\$ 212,103	\$ 281,772	\$ 938,289	\$ 241,631	\$ 242,921	\$ 221,475	\$ 280,365	\$ 986,392	\$ 239,298	\$ 228,089	\$ 245,634	\$ 309,542	\$ 1,022,563
Supplies	76,365	70,522	66,902	69,815	283,604	82,870	78,587	74,271	72,246	307,974	85,277	77,054	77,304	78,795	318,430
Software	104,350	104,551	93,476	110,385	412,762	99,565	105,516	113,224	108,301	426,606	83,767	88,297	98,444	119,711	390,219
Rentals	140,389	145,497	142,288	141,445	569,619	156,692	156,162	154,210	151,926	618,990	165,988	164,482	164,140	156,738	651,348
Financing	126,748	122,948	123,999	121,435	495,130	140,589	136,369	136,000	134,311	547,269	152,224	142,263	144,592	148,280	587,359
Support services	173,518	171,254	171,652	173,243	689,667	178,614	176,807	175,286	175,798	706,505	180,034	175,298	175,844	180,343	711,519
Business services	378,587	374,349	372,796	389,212	1,514,944	379,223	379,138	388,291	382,208	1,528,860	398,773	400,959	388,780	390,406	1,578,918
Total revenue	1,220,136	1,213,356	1,183,216	1,287,307	4,904,015	1,279,184	1,275,500	1,262,757	1,305,155	5,122,596	1,305,361	1,276,442	1,294,738	1,383,815	5,260,356
Costs and expenses:															
Cost of equipment sales	96,916	106,718	105,556	149,861	459,051	114,753	104,385	97,559	132,782	449,479	105,837	101,072	113,282	148,967	469,158
Cost of supplies	23,871	20,863	20,694	22,141	87,569	26,192	25,562	22,611	23,089	97,454	25,365	24,173	23,843	23,791	97,172
Cost of software	21,093	24,404	22,784	24,427	92,708	25,212	24,898	23,431	25,566	99,107	21,156	21,207	23,630	27,398	93,391
Cost of rentals	30,225	31,851	25,182	28,098	115,356	35,907	36,109	35,817	30,770	138,603	40,594	37,884	39,747	37,255	155,480
Financing interest expense	21,139	20,642	19,604	19,755	81,140	23,293	22,192	21,430	20,783	87,698	21,938	21,821	22,189	22,344	88,292
Cost of support services	115,087	112,123	107,095	105,750	440,055	115,276	115,417	114,074	107,815	452,582	114,606	111,695	111,521	113,787	451,609
Cost of business services	286,817	284,458	286,786	298,767	1,156,828	291,304	290,107	292,664	287,354	1,161,429	297,728	303,362	284,401	287,927	1,173,418
Selling, general and administrative	405,486	386,858	395,661	410,281	1,598,286	419,110	425,568	420,209	425,473	1,690,360	433,917	419,322	424,952	446,092	1,724,283
Research and development	34,073	33,776	36,669	32,390	136,908	34,758	37,441	35,573	40,873	148,645	40,865	38,168	38,454	38,884	156,371
Restructuring charges and asset impairments	-	826	-	22,291	23,117	26,040	4,923	21,498	84,087	136,548	20,722	48,512	33,805	78,922	181,961
Goodwill impairment	-	-	-	-	-	-	-	-	84,500	84,500	-	-	-	-	-
Other interest expense	29,367	30,353	27,541	27,967	115,228	28,524	28,550	28,932	29,357	115,363	27,658	29,204	29,310	29,447	115,619
Interest income	(1,733)	(2,003)	(2,057)	(2,189)	(7,982)	(1,222)	(2,215)	(1,093)	(1,093)	(5,795)	(762)	(696)	(393)	(736)	(2,587)
Other income, net	(3,234)	4,372	-	-	1,138	-	-	(10,718)	(9,200)	(19,918)	-	-	-	-	-
Total costs and expenses	1,059,107	1,055,241	1,045,515	1,139,539	4,299,402	1,139,147	1,112,937	1,101,815	1,282,156	4,636,055	1,149,624	1,155,724	1,144,741	1,254,078	4,704,167
Income from continuing operations before income taxes	161,029	158,115	137,701	147,768	604,613	140,037	162,563	160,942	22,999	486,541	155,737	120,718	149,997	129,737	556,189
Provision for income taxes	15,493	52,765	37,823	44,224	150,305	43,552	54,190	2,038	(32,170)	67,610	71,606	41,538	49,482	50,972	213,598
Income from continuing operations	145,536	105,350	99,878	103,544	454,308	96,485	108,373	158,904	55,169	418,931	84,131	79,180	100,515	78,765	342,591
Income (loss) from discontinued operations, net of income tax	17,728	(1,133)	(18,751)	11,387	9,231	(5,588)	(2,844)	18,457	206,899	216,924	(498)	(13,256)	(6,987)	(11,147)	(31,888)
Net income before attribution of noncontrolling interests	163,264	104,217	81,127	114,931	463,539	90,897	105,529	177,361	262,068	635,855	83,633	65,924	93,528	67,618	310,703
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,594	4,594	4,594	18,376	4,594	4,594	4,593	4,594	18,375	4,594	4,543	4,593	4,594	18,324
Net income - Pitney Bowes Inc.	\$ 158,670	\$ 99,623	\$ 76,533	\$ 110,337	\$ 445,163	\$ 86,303	\$ 100,935	\$ 172,768	\$ 257,474	\$ 617,480	\$ 79,039	\$ 61,381	\$ 88,935	\$ 63,024	\$ 292,379
Amounts attributable to common stockholders:															
Income from continuing operations	\$ 140,942	\$ 100,756	\$ 95,284	\$ 98,950	\$ 435,932	\$ 91,891	\$ 103,779	\$ 154,311	\$ 50,575	\$ 400,556	\$ 79,537	\$ 74,637	\$ 95,922	\$ 74,171	\$ 324,267
Income from discontinued operations	17,728	(1,133)	(18,751)	11,387	9,231	(5,588)	(2,844)	18,457	206,899	216,924	(498)	(13,256)	(6,987)	(11,147)	(31,888)
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Basic earnings per share attributable to common stockholders ⁽¹⁾ :															
Continuing operations	\$ 0.70	\$ 0.50	\$ 0.48	\$ 0.49	\$ 2.18	\$ 0.45	\$ 0.51	\$ 0.77	\$ 0.25	\$ 1.98	\$ 0.38	\$ 0.36	\$ 0.47	\$ 0.36	\$ 1.57
Discontinued operations	0.09	(0.01)	(0.09)	0.06	0.05	(0.03)	(0.01)	0.09	1.04	1.07	(0.00)	(0.06)	(0.03)	(0.05)	(0.15)
Net income - Pitney Bowes Inc.	\$ 0.79	\$ 0.50	\$ 0.38	\$ 0.55	\$ 2.22	\$ 0.42	\$ 0.50	\$ 0.86	\$ 1.29	\$ 3.06	\$ 0.38	\$ 0.30	\$ 0.43	\$ 0.31	\$ 1.42
Diluted earnings per share attributable to common stockholders ⁽¹⁾ :															
Continuing operations	0.70	0.50	0.47	0.49	2.16	0.45	0.51	0.76	0.25	1.98	0.38	0.36	0.47	0.36	1.57
Discontinued operations	0.09	(0.01)	(0.09)	0.06	0.05	(0.03)	(0.01)	0.09	1.03	1.07	(0.00)	(0.06)	(0.03)	(0.05)	(0.15)
Net income - Pitney Bowes Inc.	\$ 0.79	\$ 0.50	\$ 0.38	\$ 0.55	\$ 2.21	\$ 0.42	\$ 0.49	\$ 0.85	\$ 1.28	\$ 3.05	\$ 0.38	\$ 0.30	\$ 0.43	\$ 0.31	\$ 1.41

⁽¹⁾ The sum of the earnings per share amounts may not equal the totals above due to rounding.

⁽²⁾ Certain prior year amounts have been reclassified to conform to the current year presentation.

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
(Unaudited)

(Dollars in thousands)

	2012					2011					2010				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Revenue															
North America Mailing	\$ 461,305	\$ 453,484	\$ 447,920	\$ 456,243	\$ 1,818,952	\$ 509,039	\$ 493,653	\$ 475,663	\$ 482,843	\$ 1,961,198	\$ 534,663	\$ 520,581	\$ 515,949	\$ 529,484	\$ 2,100,677
International Mailing	168,014	165,480	154,170	187,973	675,637	170,533	176,158	177,797	182,928	707,416	172,023	155,579	166,108	181,049	674,759
Small & Medium Business Solutions	629,319	618,964	602,090	644,216	2,494,589	679,572	669,811	653,460	665,771	2,668,614	706,686	676,160	682,057	710,533	2,775,436
Production Mail	115,016	123,067	122,251	151,775	512,109	131,606	133,769	117,220	161,888	544,483	125,879	121,466	135,886	178,216	561,447
Software	100,327	99,874	88,629	104,550	393,380	95,985	99,783	109,153	102,481	407,402	81,007	84,195	95,222	114,326	374,750
Management Services	230,630	227,561	220,887	241,880	920,959	241,624	240,461	235,428	231,378	948,891	254,616	248,809	245,113	250,750	999,288
Mail Services	114,636	108,045	109,722	112,690	445,092	100,398	95,299	106,088	109,849	411,634	105,151	108,344	96,937	97,465	407,897
Marketing Services	30,208	35,845	39,637	32,196	137,886	29,999	36,377	41,408	33,788	141,572	32,022	37,468	39,523	32,525	141,538
Enterprise Business Solutions	590,817	594,392	581,126	643,091	2,409,426	599,612	605,689	609,297	639,384	2,453,982	598,675	600,282	612,681	673,282	2,484,920
Total revenue	\$ 1,220,136	\$ 1,213,356	\$ 1,183,216	\$ 1,287,307	\$ 4,904,015	\$ 1,279,184	\$ 1,275,500	\$ 1,262,757	\$ 1,305,155	\$ 5,122,596	\$ 1,305,361	\$ 1,276,442	\$ 1,294,738	\$ 1,383,815	\$ 5,260,356
EBIT (1)															
North America Mailing	\$ 178,171	\$ 167,870	\$ 168,934	\$ 173,690	\$ 688,665	\$ 179,661	\$ 175,786	\$ 177,280	\$ 195,272	\$ 727,999	\$ 186,274	\$ 179,531	\$ 189,670	\$ 199,678	\$ 755,153
International Mailing	19,997	21,758	11,286	25,939	78,979	23,193	26,735	25,105	23,568	98,601	20,442	17,121	18,668	22,719	78,950
Small & Medium Business Solutions	198,168	189,628	180,220	199,629	767,644	202,854	202,521	202,385	218,840	826,600	206,716	196,652	208,338	222,397	834,103
Production Mail	2,779	5,594	3,555	13,716	25,644	7,174	9,223	(3,426)	19,591	32,562	11,907	9,010	15,770	24,209	60,896
Software	10,692	8,487	956	17,823	37,958	5,512	9,542	16,564	6,564	38,182	3,784	5,727	7,571	22,964	40,046
Management Services	13,315	12,606	10,266	19,012	55,198	21,029	19,979	18,248	17,065	76,321	20,092	22,181	23,508	26,890	92,671
Mail Services	34,245	28,464	18,455	19,841	101,005	16,144	13,135	39,096	34,651	103,026	21,006	22,148	22,554	19,006	84,714
Marketing Services	4,817	7,503	9,297	6,444	28,061	4,160	6,792	8,716	6,516	26,184	4,522	7,337	8,571	5,703	26,133
Enterprise Business Solutions	65,848	62,654	42,529	76,836	247,866	54,019	58,671	79,198	84,387	276,275	61,311	66,403	77,974	98,772	304,460
Total EBIT	\$ 264,016	\$ 252,282	\$ 222,749	\$ 276,465	\$ 1,015,510	\$ 256,873	\$ 261,192	\$ 281,583	\$ 303,227	\$ 1,102,875	\$ 268,027	\$ 263,055	\$ 286,312	\$ 321,169	\$ 1,138,563
Unallocated amounts:															
Corporate and other expenses	(54,212)	(44,349)	(39,960)	(60,873)	(199,394)	(40,201)	(45,179)	(50,046)	(62,594)	(198,020)	(42,734)	(43,496)	(51,404)	(61,142)	(198,776)
Interest, net (2)	(48,775)	(48,992)	(45,088)	(45,533)	(188,386)	(50,595)	(48,527)	(49,097)	(49,047)	(197,266)	(48,834)	(50,329)	(51,106)	(51,055)	(201,324)
Restructuring charges and asset impairments	-	(826)	-	(22,291)	(23,117)	(26,040)	(4,923)	(21,498)	(84,087)	(136,548)	(20,722)	(48,512)	(33,805)	(79,235)	(182,274)
Goodwill impairment	-	-	-	-	-	-	-	-	(84,500)	(84,500)	-	-	-	-	-
Income from continuing operations before income taxes	\$ 161,029	\$ 158,115	\$ 137,701	\$ 147,768	\$ 604,613	\$ 140,037	\$ 162,563	\$ 160,942	\$ 22,999	\$ 486,541	\$ 155,737	\$ 120,718	\$ 149,997	\$ 129,737	\$ 556,189

(1) Earnings before interest and taxes (EBIT) excludes general corporate expenses, restructuring charges and asset impairments and goodwill impairment.

(2) Interest, net includes financing interest expense, other interest expense and interest income.