



Pitney Bowes Third Quarter 2015 Earnings

October 29, 2015



The Company's financial results are reported in accordance with generally accepted accounting principles (GAAP). The Company uses measures such as adjusted earnings before interest and taxes (EBIT), adjusted earnings per share, adjusted income from continuing operations and free cash flow to exclude the impact of special items like restructuring charges, tax adjustments, and goodwill and asset write-downs, because, while these are actual Company expenses, they can mask underlying trends associated with its business. Such items are often inconsistent in amount and frequency and as such, the adjustments allow an investor greater insight into the current underlying operating trends of the business.

The use of free cash flow provides investors insight into the amount of cash that management could have available for other discretionary uses. It adjusts GAAP cash from operations for capital expenditures, as well as special items like cash used for restructuring charges, unusual tax settlements or payments and contributions to its pension funds. Management uses segment EBIT to measure profitability and performance at the segment level. Segment EBIT is determined by deducting from revenue the related costs and expenses attributable to the segment. Segment EBIT excludes interest, taxes, general corporate expenses not allocated to a particular business segment, restructuring charges and goodwill and asset impairments, which are recognized on a consolidated basis. In addition, revenue growth is presented on a constant currency basis to exclude the impact of changes in foreign currency exchange rates since the prior period under comparison. Constant currency measures are intended to help investors better understand the underlying operational performance of the business excluding the impacts of shifts in currency exchange rates over the period.

Pitney Bowes has provided a quantitative reconciliation to GAAP in supplemental schedules. This information may also be found at the Company's web site www.pb.com/investorrelations.

“We made solid progress on our strategic plan in the third quarter. Our North America SMB business continued to stabilize with equipment sales growing for the quarter. We improved our operational excellence with increased margins and very solid cash flow performance in the quarter. Our ERP project, which promises to unlock substantial value in our Company, got off to a very good start in early October with a successful launch in Canada. Finally, although our Ecommerce business continued to face currency headwinds, the integration of Borderfree remains on track. Overall, Digital Commerce grew 10 percent on a constant currency basis and I remain very optimistic about the long-term prospects of this business.”

- Marc B. Lautenbach,
President and CEO
Pitney Bowes

Recent Announcements

Ventana Research Honors Pitney Bowes with the 2015 Technology Innovation Award for Collaboration

October 9, 2015

GE Awards Pitney Bowes for Industrial Internet Innovation at the GE Minds + Machines Event

October 1, 2015

GE Predix Platform Embeds Pitney Bowes Location Intelligence and Data Quality to Bolster Industrial Internet Data Analytics

September 15, 2015

Pitney Bowes EngageOne Video Improves Customer Engagement by More than 100 Percent

September 14, 2015

Pitney Bowes Expands Production Inkjet Color Print Offering with AcceleJet Printing and Finishing System

September 9, 2015



Pitney Bowes Accelerator Program Inducts Four Startups in India and Names Two More to the Accelerator Collaboration Program

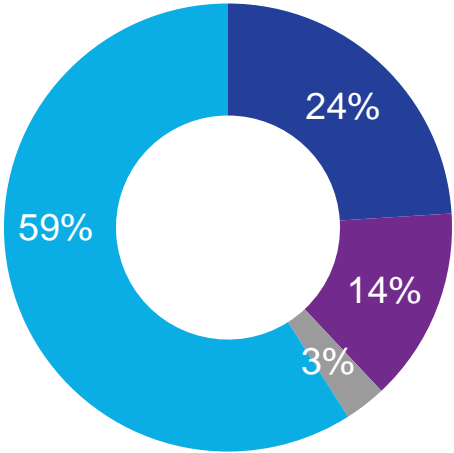
July 29, 2015

The Company continues to make progress against its long-term strategy to transform and unlock value

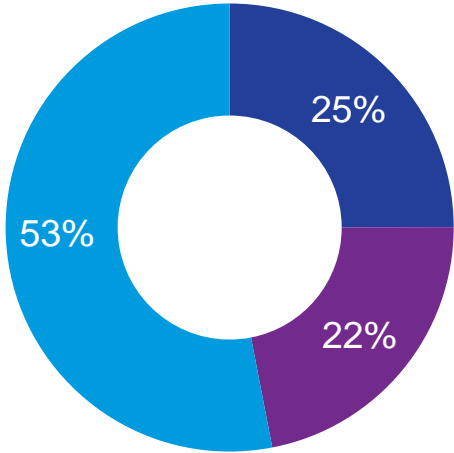


The portfolio and mix of revenue by business is rebalancing in-line with the Company's long-term expectation

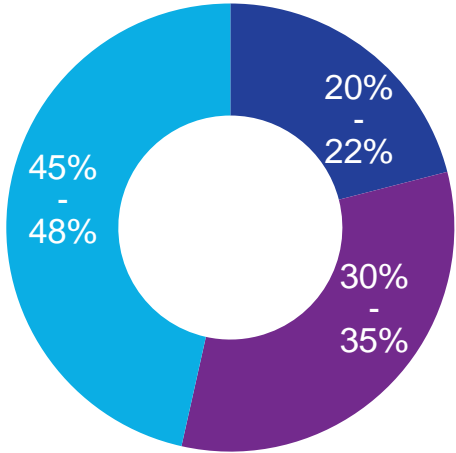
2012



Q3 2015



Future State



- **SMB Solutions**
- **Enterprise Business Solutions**
- **Digital Commerce Solutions**
- **Imagitas**

Third Quarter 2015 and Business Segment Results

Third Quarter 2015 – Financial Highlights

❑ Revenue of \$870 million

- 4% decline on a constant currency basis
- 8% decline on a reported basis

❑ Adjusted EPS of \$0.43;

GAAP EPS from continuing operations of \$0.44

The Company achieved its EPS despite the inclusion:

- \$0.02 negative impact from foreign exchange
- \$0.03 loss of estimated Imagitas earnings
- \$0.01 amortization of intangibles related to Borderfree

❑ Free cash flow of \$131 million;

GAAP cash from operations of \$150 million

❑ Repurchased \$100 million of stock, or 4.9 million shares

Third Quarter 2015 – Financial Highlights

- ❑ SG&A of \$309 million
 - \$33 million decline, or 10%

- ❑ Gross Margin of 58.8%
 - Improvement of 150 basis points

- ❑ Adjusted EBIT of \$173 million
 - Adjusted EBIT margin 19.8%, improvement of 150 basis points

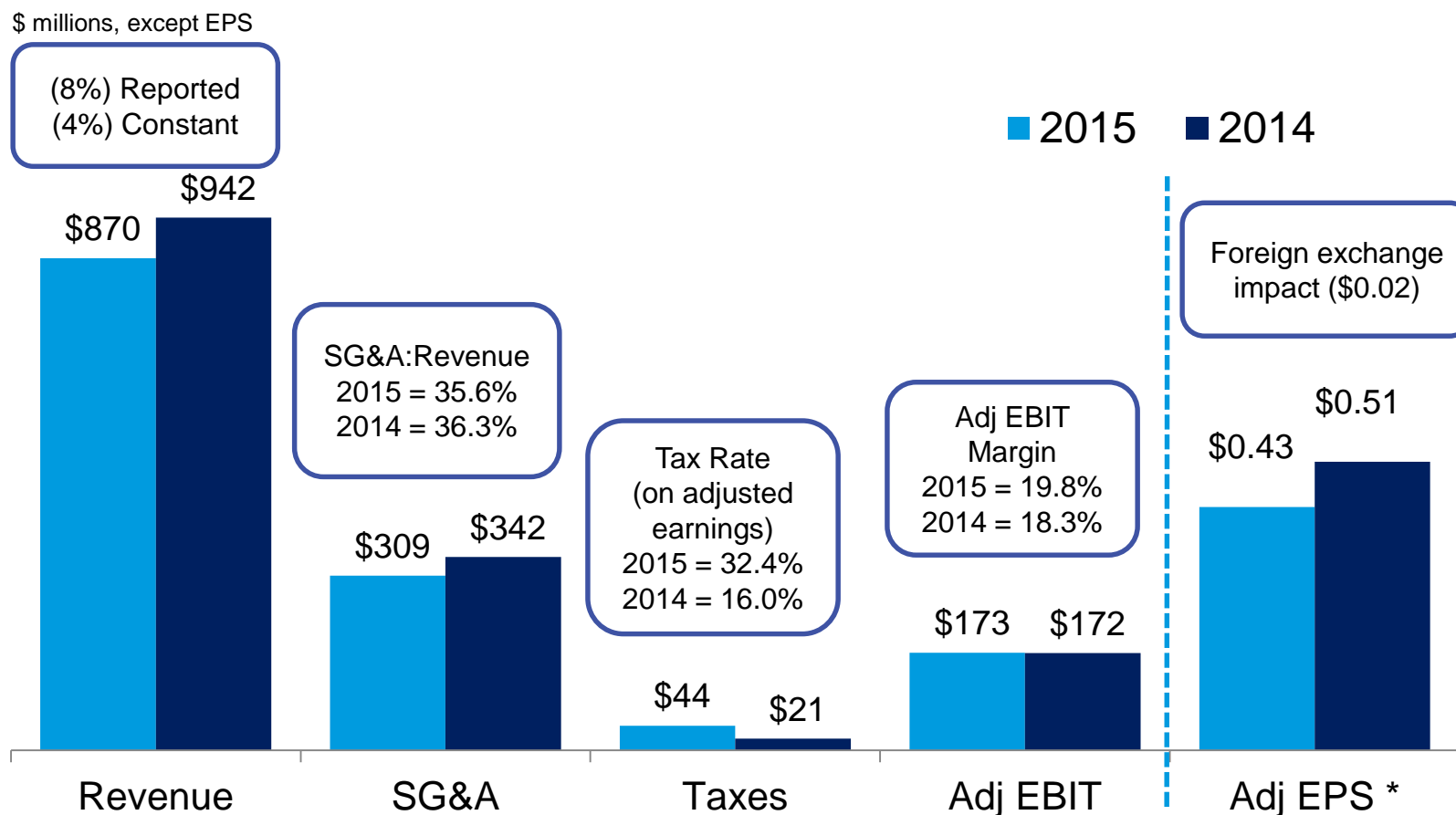
- ❑ Net income of \$89 million

- ❑ 2015 Annual Guidance
 - Updating revenue guidance to reflect year-to-date results
 - Reaffirming adjusted EPS, GAAP EPS and free cash flow guidance

Third Quarter 2015 – Strategic Updates

- ❑ As announced in September, the Board of Directors authorized an incremental \$100 million share repurchase.
- ❑ The Company launched its initial implementation of the new ERP platform in Canada in early October and remains on schedule to achieve the targeted savings and efficiencies associated with this program.
- ❑ The Company introduced several new products and solutions, including:
 - SMB group launched the Relay™ Multi-Channel Communications Suite globally;
 - Production Mail expanded its offerings in print, insertion and sortation equipment through its new AcceleJet™, Epic™ and TrueSort™ products;
 - Software expanded its offerings with the EngageOne® Video solution, which helps enterprises up-sell and cross-sell through personalized videos.
- ❑ The Company made significant progress integrating its Borderfree acquisition while also achieving initial cost synergies.

Third Quarter 2015 – Adjusted Results ⁽¹⁾



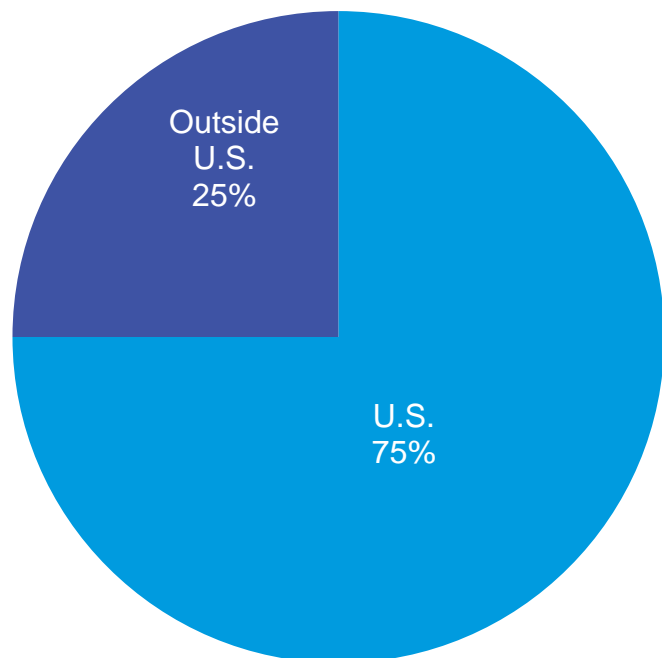
* Prior year adjusted EPS included \$0.08 of tax benefits; excluding those tax benefits, EPS would have been flat year-over-year.

⁽¹⁾ Adjusted numbers exclude one-time items.

A reconciliation of GAAP to Non-GAAP measures can be found in the appendix of this presentation.

Third Quarter 2015 - Impacts of Currency

Revenue Mix



- With 25% of the Company's revenue generated outside the U.S. this quarter, foreign exchange translation impacted Q3 2015 results:
 - Revenue: (\$34) million or (3.7%)
 - EPS: (\$0.02)
- The strengthening U.S. dollar also made purchases from the U.S. more expensive, which impacted our ecommerce business.

Third Quarter 2015 – Revenue Performance

| Revenue (\$ millions) | Q3 2015 | Q3 2014 | Y/Y %, Reported | Y/Y %, Ex Currency | Y/Y %, Ex Currency & Divested Revenues * |
|---------------------------------|--------------|--------------|-----------------|--------------------|--|
| North America Mailing | \$353 | \$363 | (3%) | (2%) | (2%) |
| International Mailing | \$105 | \$132 | (21%) | (9%) | (7%) |
| SMB Revenue | \$458 | \$496 | (8%) | (3%) | (3%) |
| Production Mail | \$102 | \$113 | (10%) | (5%) | (4%) |
| Presort Service | \$116 | \$111 | 4% | 4% | 4% |
| Enterprise Revenue | \$218 | \$225 | (3%) | (1%) | 0% |
| Software Solutions | \$98 | \$112 | (13%) | (7%) | (7%) |
| Global Ecommerce | \$97 | \$ 72 | 34% | 36% | 36% |
| Digital Commerce Revenue | \$194 | \$184 | 6% | 10% | 10% |
| Other | \$0 | \$37 | NM | NM | NM |
| Total PBI Revenue | \$870 | \$942 | (8%) | (4%) | (4%) |

Third Quarter 2015 - Earnings Per Share Reconciliation

| | Q3 2015 | Q3 2014 |
|--|---------------|---------------|
| Adjusted EPS from continuing operations | \$0.43 | \$0.51 |
| Net tax benefit from transactions | \$0.01 | - |
| Investment divestiture | - | \$0.05 |
| Restructuring charges | - | (\$0.01) |
| GAAP EPS from continuing operations | \$0.44 | \$0.55 |
| Discontinued operations | - | \$0.10 |
| GAAP EPS | \$0.44 | \$0.65 |

Q3 Financial Performance – Business Segments

| SMB Solutions Group (\$ millions) | Q3 2015 | Q3 2014 | Y/Y %, Reported | Y/Y %, Ex Currency | Y/Y % Ex Currency & Divested Revenues * |
|--------------------------------------|--------------|--------------|--------------------|-----------------------|--|
| North America Mailing | \$353 | \$363 | (3%) | (2%) | (2%) |
| International Mailing | 105 | 132 | (21%) | (9%) | (7%) |
| SMB Revenue | \$458 | \$496 | (8%) | (3%) | (3%) |
| North America Mailing | \$159 | \$160 | 0% | | |
| International Mailing | 11 | 16 | (33%) | | |
| SMB EBIT | \$170 | \$176 | (3%) | | |

North America Mailing

- The segment experienced the lowest rate of decline in 6 quarters, benefiting from 2 percent growth in equipment sales as productivity continues to improve.
- Recurring revenue stream trends also continued to be in-line with prior quarters.
- EBIT margin continued to improve versus the prior year due to the mix of business, organizational streamlining and on-going cost reduction initiatives.

International Mailing

- The rate of decline in revenue is stabilizing in most of the major markets where the go-to-market resource shift has been completed.
- The Company has been focused on the transition and training of the new sales organization in France, which is expected to result in improved productivity.
- EBIT margin declined versus the prior year due to lower mail finishing equipment sales, the impact of currency on costs and the temporary incremental costs related to the transition of the sales organization in France.

Q3 Financial Performance – Business Segments

| Enterprise Solutions Group (\$ millions) | Q3 2015 | Q3 2014 | Y/Y %, Reported | Y/Y %, Ex Currency | Y/Y % Ex Currency & Divested Revenues * |
|--|--------------|--------------|-----------------|--------------------|---|
| Production Mail | \$101 | \$113 | (10%) | (5%) | (4%) |
| Presort Services | 116 | 111 | 4% | 4% | 4% |
| Enterprise Revenue | \$218 | \$225 | (3%) | (1%) | 0% |
| Production Mail | \$12 | \$10 | 30% | | |
| Presort Services | 26 | 22 | 18% | | |
| Enterprise EBIT | \$38 | \$31 | 22% | | |

Production Mail

- While inserting equipment sales grew versus prior year, there were no production print installations during the quarter, which adversely impacted revenue.
- Revenue also declined partially due to lower support services.
- EBIT margin improved versus the prior year due to the mix of higher-margin inserting equipment sales as well as on-going cost reduction initiatives.

Presort Services

- Revenue benefited from higher volumes of First Class and Standard mail processed versus the prior year.
- EBIT margin improved versus the prior year due to the revenue growth and on-going operational productivity.

Q3 Financial Performance – Business Segments

| Digital Commerce Solutions Group (\$ millions) | Q3 2015 | Q3 2014 | Y/Y %, Reported | Y/Y %, Ex Currency |
|--|--------------|--------------|-----------------|--------------------|
| Software Solutions | \$98 | \$112 | (13%) | (7%) |
| Global Ecommerce | 97 | 72 | 34% | 36% |
| Digital Commerce Revenue | \$194 | \$184 | 6% | 10% |
| Software Solutions | \$15 | \$19 | (23%) | |
| Global Ecommerce | (1) | (1) | (83%) | |
| Digital Commerce EBIT | \$13 | \$18 | (27%) | |

Software Services

- Revenue comparisons were adversely impacted by lower licensing revenue in the Americas when compared to the prior year, which included a large licensing deal.
- Excluding the impact of that deal, Software's results were in-line with expectations as the business continues to acquire new enterprise clients through targeted industry and application-specific solutions.
- EBIT margin declined as a result of a lower amount of licensing revenue, which has a higher-margin.

Global Ecommerce

- Results included a full quarter of revenue from Borderfree and the continued expansion of the eBay UK outbound cross-border service.
- Outbound package shipments from the U.S. continued to be pressured by the strong U.S. dollar.
- EBIT margin was impacted primarily by amortization of intangibles and investments related to the Borderfree acquisition, offsetting benefits from initial integration synergies

Q3 Financial Performance – Business Segments

| Other (\$ millions) | Q3 2015 | Q3 2014 | Y/Y %, Reported | Y/Y %, Ex Currency |
|---------------------|------------|-------------|--------------------|-----------------------|
| Revenue | \$0 | \$37 | NM | NM |
| EBIT | \$0 | \$8 | NM | |

The Other segment is comprised of the Imagitas marketing services business, which was sold in May 2015.

2015 Guidance

2015 Guidance – Updating Revenue guidance

| | 2015 Guidance |
|--|---------------|
| Revenue growth, excluding the impacts of currency | Flat to -2% |

The Company is updating its revenue guidance to reflect year-to-date results. However, the Company expects improving trends in the business to continue into the fourth quarter as a result of actions taken to achieve its long-term strategic initiatives.

2015 Guidance – Reaffirming Adjusted EPS, GAAP EPS and Free Cash Flow guidance

| | 2015 Guidance |
|------------------------------|------------------|
| Adjusted Earnings per Share | \$1.75 to \$1.90 |
| GAAP Earnings Per Share | \$2.06 to \$2.21 |
| Free Cash Flow (\$ millions) | \$450 to \$525 |

Appendix

Financial Segment Reporting

The Company has revised its business segment reporting for its Digital Commerce Solutions segment. The Company's business segment reporting reflects the clients served in each market and the way it manages these segments for growth and profitability. The reporting segment groups are the SMB Solutions group; the Enterprise Business Solutions group; the Digital Commerce Solutions group; and the Other segment.

The **SMB Solutions group** offers mailing equipment, financing, services and supplies for small and medium businesses to efficiently create mail and evidence postage. This group includes the North America Mailing and International Mailing segments. North America Mailing includes the operations of U.S. and Canada Mailing. International Mailing includes all other SMB operations around the world.

The **Enterprise Business Solutions group** provides mailing and printing equipment and services for large enterprise clients to process mail, including sortation services to qualify large mail volumes for postal worksharing discounts. This group includes the global Production Mail and Presort Services segments.

The **Digital Commerce Solutions group** provides customer engagement, customer information and location intelligence software; and solutions that facilitate global cross-border ecommerce transactions and shipping solutions for businesses of all sizes. This group includes the Software Solutions and Global Ecommerce segments.

The **Other segment** includes the Imagitas marketing services business, which was sold on May 29, 2015.



Global SMB Market = \$4bn



Global Enterprise Market = \$5bn



Global Digital Commerce Market = \$28bn

Forward-Looking Statements

This document contains “forward-looking statements” about the Company’s expected or potential future business and financial performance. Forward-looking statements include, but are not limited to, statements about its future revenue and earnings guidance and other statements about future events or conditions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to: mail volumes; the uncertain economic environment; timely development, market acceptance and regulatory approvals, if needed, of new products; fluctuations in customer demand; changes in postal regulations; interrupted use of key information systems; management of outsourcing arrangements; the implementation of a new enterprise resource planning system; changes in business portfolio; the success of our investment in rebranding the Company; the risk of customer concentration in our Digital Commerce Solutions group; integrating newly acquired businesses, including operations and product and service offerings; foreign currency exchange rates; changes in our credit ratings; management of credit risk; changes in interest rates; the financial health of national posts; and other factors beyond its control as more fully outlined in the Company's 2014 Form 10-K Annual Report and other reports filed with the Securities and Exchange Commission. Pitney Bowes assumes no obligation to update any forward-looking statements contained in this document as a result of new information, events or developments.

Note: Consolidated statements of income; revenue and EBIT by business segment; and reconciliation of GAAP to non-GAAP measures for the three months ended September 30, 2015 and 2014, and consolidated balance sheets at September 30, 2015 and December 31, 2014 are attached.

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|----------------------------------|-------------------|---------------------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenue: | | | | |
| Equipment sales | \$ 163,857 | \$ 177,458 | \$ 495,328 | \$ 558,032 |
| Supplies | 71,174 | 72,548 | 215,178 | 228,349 |
| Software | 97,700 | 112,271 | 283,241 | 312,891 |
| Rentals | 108,420 | 119,047 | 333,729 | 365,069 |
| Financing | 99,925 | 107,835 | 306,992 | 325,529 |
| Support services | 136,820 | 154,321 | 415,615 | 470,763 |
| Business services | 191,645 | 198,164 | 591,030 | 576,958 |
| Total revenue | 869,541 | 941,644 | 2,641,113 | 2,837,591 |
| Costs and expenses: | | | | |
| Cost of equipment sales | 78,650 | 90,984 | 232,706 | 262,336 |
| Cost of supplies | 21,629 | 22,470 | 65,912 | 70,129 |
| Cost of software | 27,219 | 29,775 | 85,584 | 93,423 |
| Cost of rentals | 21,423 | 23,636 | 63,127 | 74,273 |
| Financing interest expense | 17,533 | 19,667 | 54,171 | 59,733 |
| Cost of support services | 79,747 | 92,500 | 244,853 | 288,203 |
| Cost of business services | 130,004 | 142,512 | 405,559 | 406,472 |
| Selling, general and administrative | 309,211 | 341,738 | 939,318 | 1,031,497 |
| Research and development | 29,153 | 26,060 | 83,693 | 80,901 |
| Restructuring charges and asset impairments, net | 36 | 4,526 | 14,305 | 22,666 |
| Interest expense, net | 20,165 | 22,158 | 65,200 | 67,704 |
| Other (income) expense, net | (1,781) | (15,919) | (94,916) | 45,738 |
| Total costs and expenses | 732,989 | 800,107 | 2,159,512 | 2,503,075 |
| Income from continuing operations before income taxes | 136,552 | 141,537 | 481,601 | 334,516 |
| Provision for income taxes | 42,676 | 25,310 | 145,574 | 79,681 |
| Income from continuing operations | 93,876 | 116,227 | 336,027 | 254,835 |
| Income (loss) from discontinued operations, net of tax | - | 20,655 | (582) | 30,173 |
| Net income before attribution of noncontrolling interests | 93,876 | 136,882 | 335,445 | 285,008 |
| Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests | 4,594 | 4,593 | 13,781 | 13,781 |
| Net income - Pitney Bowes Inc. | \$ 89,282 | \$ 132,289 | \$ 321,664 | \$ 271,227 |
| Amounts attributable to common stockholders: | | | | |
| Income from continuing operations | \$ 89,282 | \$ 111,634 | \$ 322,246 | \$ 241,054 |
| Income (loss) from discontinued operations, net of tax | - | 20,655 | (582) | 30,173 |
| Net income - Pitney Bowes Inc. | \$ 89,282 | \$ 132,289 | \$ 321,664 | \$ 271,227 |
| Basic earnings per share attributable to common stockholders ⁽¹⁾: | | | | |
| Continuing operations | \$ 0.45 | \$ 0.55 | \$ 1.60 | \$ 1.19 |
| Discontinued operations | - | 0.10 | - | 0.15 |
| Net income - Pitney Bowes Inc. | \$ 0.45 | \$ 0.65 | \$ 1.60 | \$ 1.34 |
| Diluted earnings per share attributable to common stockholders ⁽¹⁾: | | | | |
| Continuing operations | \$ 0.44 | \$ 0.55 | \$ 1.60 | \$ 1.18 |
| Discontinued operations | - | 0.10 | - | 0.15 |
| Net income - Pitney Bowes Inc. | \$ 0.44 | \$ 0.65 | \$ 1.59 | \$ 1.33 |
| Weighted-average shares used in diluted EPS | 201,016,809 | 203,968,557 | 201,884,967 | 203,959,978 |

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

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

| | September 30, 2015 | December 31, 2014 ⁽¹⁾ |
|---|-----------------------|-------------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 715,976 | \$ 1,079,145 |
| Short-term investments | 34,318 | 32,121 |
| Accounts receivable, gross | 411,804 | 448,017 |
| Allowance for doubtful accounts | <u>(12,680)</u> | <u>(10,742)</u> |
| Accounts receivable, net | 399,124 | 437,275 |
| Short-term finance receivables | 956,767 | 1,019,412 |
| Allowance for credit losses | <u>(16,143)</u> | <u>(19,108)</u> |
| Short-term finance receivables, net | 940,624 | 1,000,304 |
| Inventories | 103,195 | 84,827 |
| Current income taxes | 33,057 | 40,542 |
| Other current assets and prepayments | 71,454 | 57,173 |
| Assets held for sale | - | <u>52,271</u> |
| Total current assets | 2,297,748 | 2,783,658 |
| Property, plant and equipment, net | 317,005 | 285,091 |
| Rental property and equipment, net | 188,485 | 200,380 |
| Long-term finance receivables | 774,690 | 828,723 |
| Allowance for credit losses | <u>(6,551)</u> | <u>(9,002)</u> |
| Long-term finance receivables, net | 768,139 | 819,721 |
| Goodwill | 1,753,888 | 1,672,721 |
| Intangible assets, net | 192,318 | 82,173 |
| Non-current income taxes | 70,731 | 96,377 |
| Other assets | <u>553,467</u> | <u>569,110</u> |
| Total assets | \$ 6,141,781 | \$ 6,509,231 |
| Liabilities, noncontrolling interests and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 1,379,337 | \$ 1,572,971 |
| Current income taxes | 79,689 | 90,167 |
| Current portion of long-term debt and notes payable | 521,091 | 324,879 |
| Advance billings | <u>353,467</u> | <u>386,846</u> |
| Total current liabilities | 2,333,584 | 2,374,863 |
| Deferred taxes on income | 131,416 | 64,839 |
| Tax uncertainties and other income tax liabilities | 94,822 | 86,127 |
| Long-term debt | 2,471,055 | 2,927,127 |
| Other non-current liabilities | <u>672,507</u> | <u>682,646</u> |
| Total liabilities | 5,703,384 | 6,135,602 |
| 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 | 519 | 548 |
| Common stock, \$1 par value | 323,338 | 323,338 |
| Additional paid-in-capital | 156,195 | 178,852 |
| Retained earnings | 5,106,214 | 4,897,708 |
| Accumulated other comprehensive loss | (900,852) | (846,156) |
| Treasury stock, at cost | <u>(4,543,388)</u> | <u>(4,477,032)</u> |
| Total Pitney Bowes Inc. stockholders' equity | 142,027 | 77,259 |
| Total liabilities, noncontrolling interests and stockholders' equity | \$ 6,141,781 | \$ 6,509,231 |

⁽¹⁾ Certain prior year amounts have been revised.

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

| | Three Months Ended September 30, | | |
|--|---|-------------------|---------------------|
| | 2015 | 2014 | % Change |
| <u>Revenue</u> | | | |
| North America Mailing | \$ 353,159 | \$ 363,285 | (3%) |
| International Mailing | 104,615 | 132,291 | (21%) |
| Small & Medium Business Solutions | 457,774 | 495,576 | (8%) |
| Production Mail | 101,646 | 113,497 | (10%) |
| Presort Services | 115,912 | 111,434 | 4% |
| Enterprise Business Solutions | 217,558 | 224,931 | (3%) |
| Software Solutions | 97,638 | 112,006 | (13%) |
| Global Ecommerce | 96,571 | 71,870 | 34% |
| Digital Commerce Solutions | 194,209 | 183,876 | 6% |
| Other | - | 37,261 | (100%) |
| Total revenue | \$ 869,541 | \$ 941,644 | (8%) |
| <u>EBIT</u> ⁽¹⁾ | | | |
| North America Mailing | \$ 159,319 | \$ 159,638 | (0%) |
| International Mailing | 10,739 | 16,079 | (33%) |
| Small & Medium Business Solutions | 170,058 | 175,717 | (3%) |
| Production Mail | 12,401 | 9,570 | 30% |
| Presort Services | 25,908 | 21,927 | 18% |
| Enterprise Business Solutions | 38,309 | 31,497 | 22% |
| Software Solutions | 14,613 | 18,921 | (23%) |
| Global Ecommerce | (1,240) | (676) | (83%) |
| Digital Commerce Solutions | 13,373 | 18,245 | (27%) |
| Other | - | 7,980 | (100%) |
| Total EBIT | 221,740 | 233,439 | (5%) |
| Unallocated amounts: | | | |
| Interest, net (2) | (37,698) | (41,825) | |
| Corporate and other expenses | (49,235) | (61,470) | |
| Restructuring charges and asset impairments, net | (36) | (4,526) | |
| Other income, net | 1,781 | 15,919 | |
| Income from continuing operations before income taxes | \$ 136,552 | \$ 141,537 | |

(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.
Revenue and EBIT
Business Segments
(Unaudited; in thousands)

| | <u>Nine Months Ended September 30,</u> | | |
|--|--|---------------------|---------------------------|
| | <u>2015</u> | <u>2014</u> | <u>%</u> <u>Change</u> |
| <u>Revenue</u> | | | |
| North America Mailing | \$ 1,071,824 | \$ 1,115,506 | (4%) |
| International Mailing | 331,398 | 438,819 | (24%) |
| Small & Medium Business Solutions | <u>1,403,222</u> | <u>1,554,325</u> | (10%) |
| Production Mail | 298,880 | 330,469 | (10%) |
| Presort Services | 351,365 | 339,206 | 4% |
| Enterprise Business Solutions | <u>650,245</u> | <u>669,675</u> | (3%) |
| Software Solutions | 282,916 | 312,200 | (9%) |
| Global Ecommerce | 249,923 | 204,399 | 22% |
| Digital Commerce Solutions | <u>532,839</u> | <u>516,599</u> | 3% |
| Other | 54,807 | 96,992 | (43%) |
| Total revenue | <u>\$ 2,641,113</u> | <u>\$ 2,837,591</u> | (7%) |
| <u>EBIT</u> ⁽¹⁾ | | | |
| North America Mailing | \$ 482,376 | \$ 476,757 | 1% |
| International Mailing | 36,585 | 67,347 | (46%) |
| Small & Medium Business Solutions | <u>518,961</u> | <u>544,104</u> | (5%) |
| Production Mail | 31,461 | 27,865 | 13% |
| Presort Services | 76,946 | 68,235 | 13% |
| Enterprise Business Solutions | <u>108,407</u> | <u>96,100</u> | 13% |
| Software Solutions | 34,904 | 30,620 | 14% |
| Global Ecommerce | 9,962 | 9,100 | 9% |
| Digital Commerce Solutions | <u>44,866</u> | <u>39,720</u> | 13% |
| Other | 10,569 | 13,965 | (24%) |
| Total EBIT | 682,803 | 693,889 | (2%) |
| Unallocated amounts: | | | |
| Interest, net (2) | (119,371) | (127,437) | |
| Corporate and other expenses | (151,959) | (163,532) | |
| Restructuring charges and asset impairments, net | (14,305) | (22,666) | |
| Other income (expense), net | 94,916 | (45,738) | |
| Acquisition related compensation expense | (10,483) | - | |
| Income from continuing operations before income taxes | <u>\$ 481,601</u> | <u>\$ 334,516</u> | |

(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 data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|---|-------------------|--|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Income from continuing operations | | | | |
| after income taxes, as reported: | \$ 89,282 | \$ 111,634 | \$ 322,246 | \$ 241,054 |
| Restructuring charges and asset impairments, net | 47 | 2,903 | 8,607 | 15,161 |
| Gain on sale of Imagitas | 30 | - | (88,399) | - |
| Acquisition and disposition transaction costs | 5,323 | - | 11,428 | - |
| Legal settlement | (370) | - | 4,250 | - |
| Acquisition related compensation expense | - | - | 7,246 | - |
| Investment divestiture | (7,756) | (9,774) | (7,756) | (9,774) |
| Extinguishment of debt | - | - | - | 37,833 |
| Income from continuing operations after income taxes, as adjusted: | \$ 86,556 | \$ 104,763 | \$ 257,622 | \$ 284,274 |
| Diluted earnings per share from | | | | |
| continuing operations, as reported: | \$ 0.44 | \$ 0.55 | \$ 1.60 | \$ 1.18 |
| Restructuring charges and asset impairments, net | - | 0.01 | 0.04 | 0.07 |
| Gain on sale of Imagitas | - | - | (0.44) | - |
| Acquisition and disposition transaction costs | 0.03 | - | 0.06 | - |
| Legal settlement | - | - | 0.02 | - |
| Acquisition related compensation expense | - | - | 0.04 | - |
| Investment divestiture | (0.04) | (0.05) | (0.04) | (0.05) |
| Extinguishment of debt | - | - | - | 0.19 |
| Diluted earnings per share from continuing operations, as adjusted: | \$ 0.43 | \$ 0.51 | \$ 1.28 | \$ 1.39 |
| Net cash provided by operating activities, | | | | |
| as reported: | \$ 150,384 | \$ 116,985 | \$ 350,715 | \$ 397,432 |
| Capital expenditures | (40,708) | (48,920) | (129,643) | (121,270) |
| Restructuring payments | 15,281 | 8,621 | 46,056 | 42,151 |
| (Receipts) payments related to investment divestiture | (5,773) | 53,738 | 20,602 | 53,738 |
| Reserve account deposits | (4,166) | (12,563) | (25,630) | (15,919) |
| Acquisition related compensation payment | - | - | 10,483 | - |
| Tax payment related to sale of Imagitas | 15,918 | - | 15,918 | - |
| Cash transaction fees related to acquisitions and dispositions | - | - | 11,116 | - |
| Extinguishment of debt | - | - | - | 61,657 |
| Free cash flow, as adjusted: | \$ 130,936 | \$ 117,861 | \$ 299,617 | \$ 417,789 |

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

Pitney Bowes Inc.
Reconciliation of Reported Consolidated Results to Adjusted Results
(Unaudited; in thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|-------------------|---------------------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| GAAP income from continuing operations | | | | |
| after income taxes, as reported | \$ 89,282 | \$ 111,634 | \$ 322,246 | \$ 241,054 |
| Restructuring charges and asset impairments, net | 47 | 2,903 | 8,607 | 15,161 |
| Gain on sale of Imagitas | 30 | - | (88,399) | - |
| Acquisition and disposition transaction costs | 5,323 | - | 11,428 | - |
| Legal settlement | (370) | - | 4,250 | - |
| Acquisition related compensation expense | - | - | 7,246 | - |
| Investment divestiture | (7,756) | (9,774) | (7,756) | (9,774) |
| Extinguishment of debt | - | - | - | 37,833 |
| Income from continuing operations | | | | |
| after income taxes, as adjusted | 86,556 | 104,763 | 257,622 | 284,274 |
| Provision for income taxes, as adjusted | 43,657 | 20,788 | 140,070 | 104,865 |
| Preferred stock dividends of subsidiaries | | | | |
| attributable to noncontrolling interests | 4,594 | 4,593 | 13,781 | 13,781 |
| Income from continuing operations | | | | |
| before income taxes, as adjusted | 134,807 | 130,144 | 411,473 | 402,920 |
| Interest, net | 37,698 | 41,825 | 119,371 | 127,437 |
| Adjusted EBIT | 172,505 | 171,969 | 530,844 | 530,357 |
| Depreciation and amortization | 42,333 | 49,643 | 127,486 | 142,506 |
| Adjusted EBITDA | \$ 214,838 | \$ 221,612 | \$ 658,330 | \$ 672,863 |