

**Pitney Bowes Inc.**  
**Consolidated Statements of Income**  
(Unaudited)

(Dollars in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011 <sup>(2)</sup>	2012	2011 <sup>(2)</sup>
Revenue:				
Equipment sales	\$ 212,103	\$ 221,475	\$ 656,517	\$ 706,027
Supplies	66,902	74,271	213,789	235,728
Software	93,476	113,224	302,377	318,305
Rentals	142,288	154,210	428,174	467,064
Financing	123,999	136,000	373,695	412,958
Support services	171,652	175,286	516,424	530,707
Business services	405,257	425,258	1,226,175	1,266,478
Total revenue	1,215,677	1,299,724	3,717,151	3,937,267
Costs and expenses:				
Cost of equipment sales	105,556	97,559	309,190	316,697
Cost of supplies	20,694	22,611	65,428	74,365
Cost of software	22,784	23,431	68,281	73,541
Cost of rentals	25,182	35,819	87,257	107,834
Financing interest expense	19,604	21,430	61,385	66,915
Cost of support services	107,095	114,074	334,304	344,767
Cost of business services	315,830	326,415	948,359	985,232
Selling, general and administrative	400,862	427,412	1,203,653	1,286,739
Research and development	36,669	35,573	104,518	107,772
Restructuring charges and asset impairments	9,986	32,956	11,060	63,974
Goodwill impairment	18,315	45,650	18,315	45,650
Other interest expense	27,541	28,932	87,261	86,006
Interest income	(2,057)	(1,265)	(5,793)	(4,702)
Other income, net	-	(10,718)	1,138	(10,718)
Total costs and expenses	1,108,061	1,199,879	3,294,356	3,544,072
Income from continuing operations before income taxes	107,616	99,845	422,795	393,195
Provision for income taxes	26,489	(17,087)	93,519	77,319
Income from continuing operations	81,127	116,932	329,276	315,876
Income from discontinued operations, net of income tax	-	60,428	19,332	57,911
Net income before attribution of noncontrolling interests	81,127	177,360	348,608	373,787
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,593	13,782	13,781
Net income - Pitney Bowes Inc.	\$ 76,533	\$ 172,767	\$ 334,826	\$ 360,006
Amounts attributable to common stockholders:				
Income from continuing operations	\$ 76,533	\$ 112,339	\$ 315,494	\$ 302,095
Income from discontinued operations	-	60,428	19,332	57,911
Net income - Pitney Bowes Inc.	\$ 76,533	\$ 172,767	\$ 334,826	\$ 360,006
Basic earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	0.38	0.56	1.58	1.49
Discontinued operations	-	0.30	0.10	0.29
Net income - Pitney Bowes Inc.	\$ 0.38	\$ 0.86	\$ 1.67	\$ 1.78
Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	0.38	0.56	1.57	1.48
Discontinued operations	-	0.30	0.10	0.28
Net income - Pitney Bowes Inc.	\$ 0.38	\$ 0.85	\$ 1.66	\$ 1.77

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

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

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

<b><u>Assets</u></b>	09/30/12	12/31/11
Current assets:		
Cash and cash equivalents	\$ 424,789	\$ 856,238
Short-term investments	36,238	12,971
Accounts receivable, gross	695,575	755,485
Allowance for doubtful accounts receivable	(28,355)	(31,855)
Accounts receivable, net	667,220	723,630
Finance receivables	1,218,080	1,296,673
Allowance for credit losses	(26,368)	(45,583)
Finance receivables, net	1,191,712	1,251,090
Inventories	187,082	178,599
Current income taxes	22,044	102,556
Other current assets and prepayments	144,987	134,774
Total current assets	2,674,072	3,259,858
Property, plant and equipment, net	382,850	404,146
Rental property and equipment, net	249,310	258,711
Finance receivables	1,047,411	1,123,638
Allowance for credit losses	(18,235)	(17,847)
Finance receivables, net	1,029,176	1,105,791
Investment in leveraged leases	34,373	138,271
Goodwill	2,127,114	2,147,088
Intangible assets, net	175,995	212,603
Non-current income taxes	45,615	89,992
Other assets	555,661	530,644
Total assets	\$ 7,274,166	\$ 8,147,104
<b><u>Liabilities, noncontrolling interests and stockholders' equity</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,643,395	\$ 1,840,465
Current income taxes	220,236	242,972
Notes payable and current portion of long-term obligations	375,000	550,000
Advance billings	449,051	458,425
Total current liabilities	2,687,682	3,091,862
Deferred taxes on income	25,017	175,944
Tax uncertainties and other income tax liabilities	193,867	194,840
Long-term debt	3,305,504	3,683,909
Other non-current liabilities	641,093	743,165
Total liabilities	6,853,163	7,889,720
Noncontrolling interests (Preferred stockholders' equity in subsidiaries)	296,370	296,370
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	4	4
Cumulative preference stock, no par value, \$2.12 convertible	653	659
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	222,620	240,584
Retained Earnings	4,709,761	4,600,217
Accumulated other comprehensive loss	(625,868)	(661,645)
Treasury Stock, at cost	(4,505,875)	(4,542,143)
Total Pitney Bowes Inc. stockholders' equity	124,633	(38,986)
Total liabilities, noncontrolling interests and stockholders' equity	\$ 7,274,166	\$ 8,147,104

**Pitney Bowes Inc.**  
**Revenue and EBIT**  
**Business Segments**  
**September 30, 2012**  
(Unaudited)

(Dollars in thousands)

	<b>Three Months Ended September 30,</b>		
	<b>2012</b>	<b>2011</b>	<b>% Change</b>
<b>Revenue</b>			
North America Mailing	\$ 447,920	475,663	(6%)
International Mailing	154,171	177,797	(13%)
Small & Medium Business Solutions	<u>602,091</u>	<u>653,460</u>	(8%)
Production Mail	122,251	117,220	4%
Software	88,629	109,153	(19%)
Management Services	220,887	235,428	(6%)
Mail Services	142,182	143,055	(1%)
Marketing Services	39,637	41,408	(4%)
Enterprise Business Solutions	<u>613,586</u>	<u>646,264</u>	(5%)
<b>Total revenue</b>	<b><u>\$ 1,215,677</u></b>	<b><u>1,299,724</u></b>	<b>(6%)</b>
<b>EBIT (1)</b>			
North America Mailing	\$ 168,934	\$ 177,280	(5%)
International Mailing	11,286	25,105	(55%)
Small & Medium Business Solutions	<u>180,220</u>	<u>202,385</u>	(11%)
Production Mail	3,555	(3,426)	204%
Software	956	16,564	(94%)
Management Services	10,266	18,248	(44%)
Mail Services	16,671	35,107	(53%)
Marketing Services	9,297	8,716	7%
Enterprise Business Solutions	<u>40,745</u>	<u>75,209</u>	(46%)
<b>Total EBIT</b>	<b><u>\$ 220,965</u></b>	<b><u>\$ 277,594</u></b>	<b>(20%)</b>
Unallocated amounts:			
Interest, net (2)	(45,088)	(49,097)	
Corporate and other expenses	(39,960)	(50,046)	
Restructuring and asset impairments	(9,986)	(32,956)	
Goodwill impairment	<u>(18,315)</u>	<u>(45,650)</u>	
<b>Income from continuing operations before income taxes</b>	<b><u>\$ 107,616</u></b>	<b><u>\$ 99,845</u></b>	

- (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.

**Pitney Bowes Inc.**  
**Revenue and EBIT**  
**Business Segments**  
**September 30, 2012**  
(Unaudited)

(Dollars in thousands)

	<b>Nine Months Ended September 30,</b>		
	<b>2012</b>	<b>2011</b>	<b>% Change</b>
<b><u>Revenue</u></b>			
North America Mailing	\$ 1,362,709	1,478,355	(8%)
International Mailing	<u>487,665</u>	<u>524,488</u>	(7%)
Small & Medium Business Solutions	<u>1,850,374</u>	<u>2,002,843</u>	(8%)
Production Mail	360,334	382,595	(6%)
Software	288,830	304,921	(5%)
Management Services	679,078	717,513	(5%)
Mail Services	432,845	421,611	3%
Marketing Services	<u>105,690</u>	<u>107,784</u>	(2%)
Enterprise Business Solutions	<u>1,866,777</u>	<u>1,934,424</u>	(3%)
<b>Total Revenue</b>	<b><u>\$ 3,717,151</u></b>	<b><u>3,937,267</u></b>	(6%)
<b><u>EBIT (1)</u></b>			
North America Mailing	\$ 514,975	\$ 532,727	(3%)
International Mailing	<u>53,041</u>	<u>75,033</u>	(29%)
Small & Medium Business Solutions	<u>568,016</u>	<u>607,760</u>	(7%)
Production Mail	11,928	12,971	(8%)
Software	20,135	31,618	(36%)
Management Services	36,187	59,256	(39%)
Mail Services	75,661	55,191	37%
Marketing Services	<u>21,617</u>	<u>19,668</u>	10%
Enterprise Business Solutions	<u>165,528</u>	<u>178,704</u>	(7%)
<b>Total EBIT</b>	<b><u>\$ 733,544</u></b>	<b><u>\$ 786,464</u></b>	(7%)
Unallocated amounts:			
Interest, net	(142,853)	(148,219)	
Corporate and other expenses	(138,521)	(135,426)	
Restructuring and asset impairments	(11,060)	(63,974)	
Goodwill impairment	<u>(18,315)</u>	<u>(45,650)</u>	
<b>Income from continuing operations before income taxes</b>	<b><u>\$ 422,795</u></b>	<b><u>\$ 393,195</u></b>	

- (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.

**Pitney Bowes Inc.**  
**Reconciliation of Reported Consolidated Results to Adjusted Results**  
(Unaudited)

(Dollars in thousands, except per share data)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
GAAP income from continuing operations after income taxes, as reported	\$ 76,533	\$ 112,339	\$ 315,494	\$ 302,095
Restructuring charges and asset impairments	6,430	22,169	6,892	43,038
Goodwill impairment	11,172	31,334	11,172	31,334
Sale of leveraged lease assets	-	(26,689)	(12,886)	(26,689)
Tax adjustments	-	447	-	2,960
Income from continuing operations after income taxes, as adjusted	<u>\$ 94,135</u>	<u>\$ 139,600</u>	<u>\$ 320,672</u>	<u>\$ 352,738</u>
GAAP diluted earnings per share from continuing operations, as reported	\$ 0.38	\$ 0.56	\$ 1.57	\$ 1.48
Restructuring charges and asset impairments	0.03	0.11	0.03	0.21
Goodwill impairment	0.06	0.15	0.06	0.15
Sale of leveraged lease	-	(0.13)	(0.06)	(0.13)
Tax adjustments	-	0.00	-	0.01
Diluted earnings per share from continuing operations, as adjusted	<u>\$ 0.47</u>	<u>\$ 0.69</u>	<u>\$ 1.59</u>	<u>\$ 1.73</u>
GAAP net cash provided by operating activities, as reported	\$ 69,466	\$ 301,055	\$ 439,633	\$ 750,456
Capital expenditures	(39,065)	(35,012)	(127,816)	(123,029)
Restructuring payments	12,871	26,411	60,746	78,379
Pension contribution	-	-	95,000	123,000
Tax payments on sale of leveraged lease assets	14,345	-	99,249	-
Reserve account deposits	(17,707)	(32,616)	(15,373)	(14,528)
Free cash flow, as adjusted	<u>\$ 39,910</u>	<u>\$ 259,838</u>	<u>\$ 551,439</u>	<u>\$ 814,278</u>

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