

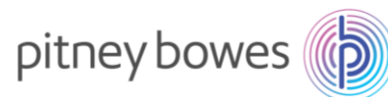
**Pitney Bowes Inc.**  
**Consolidated Statements of Income**  
(Unaudited; in thousands, except share and per share amounts)

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue:				
Equipment sales	\$ 157,649	\$ 173,143	\$ 479,248	\$ 485,145
Supplies	58,296	61,306	188,342	198,631
Software	99,600	89,087	264,131	257,760
Rentals	95,901	102,747	291,770	309,706
Financing	81,184	87,883	250,582	276,915
Support services	120,479	123,954	354,625	383,632
Business services	229,711	200,911	672,133	607,717
Total revenue	<u>842,820</u>	<u>839,031</u>	<u>2,500,831</u>	<u>2,519,506</u>
Costs and expenses:				
Cost of equipment sales	85,647	86,147	232,398	235,741
Cost of supplies	18,827	20,348	60,207	60,662
Cost of software	25,713	25,698	75,816	79,496
Cost of rentals	20,818	16,041	63,056	54,951
Financing interest expense	12,629	12,965	38,446	41,375
Cost of support services	70,688	74,799	217,232	224,790
Cost of business services	166,984	140,989	470,890	417,357
Selling, general and administrative	304,398	300,983	908,169	916,981
Research and development	32,057	28,680	96,871	89,761
Restructuring charges and asset impairments, net	1,493	16,494	30,502	49,503
Interest expense, net	28,601	22,294	81,877	62,394
Total costs and expenses	<u>767,855</u>	<u>745,438</u>	<u>2,275,464</u>	<u>2,233,011</u>
Income before income taxes	74,965	93,593	225,367	286,495
Provision for income taxes	17,607	23,197	53,975	93,615
Income from continuing operations	57,358	70,396	171,392	192,880
Loss from discontinued operations, net of tax	—	(291)	—	(1,951)
Net income	57,358	70,105	171,392	190,929
Less: Preferred stock dividends attributable to noncontrolling interests	—	4,593	—	13,781
Net income - Pitney Bowes Inc.	<u>\$ 57,358</u>	<u>\$ 65,512</u>	<u>\$ 171,392</u>	<u>\$ 177,148</u>
Amounts attributable to common stockholders:				
Net income from continuing operations	\$ 57,358	\$ 65,803	\$ 171,392	\$ 179,099
Loss from discontinued operations, net of tax	—	(291)	—	(1,951)
Net income - Pitney Bowes Inc.	<u>\$ 57,358</u>	<u>\$ 65,512</u>	<u>\$ 171,392</u>	<u>\$ 177,148</u>
Basic earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	\$ 0.31	\$ 0.35	\$ 0.92	\$ 0.95
Discontinued operations	—	—	—	(0.01)
Net income - Pitney Bowes Inc.	<u>\$ 0.31</u>	<u>\$ 0.35</u>	<u>\$ 0.92</u>	<u>\$ 0.94</u>
Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	\$ 0.31	\$ 0.35	\$ 0.92	\$ 0.94
Discontinued operations	—	—	—	(0.01)
Net income - Pitney Bowes Inc.	<u>\$ 0.31</u>	<u>\$ 0.35</u>	<u>\$ 0.92</u>	<u>\$ 0.93</u>
Weighted-average shares used in diluted earnings per share	<u>187,756,543</u>	<u>186,682,575</u>	<u>187,200,225</u>	<u>189,592,489</u>

<sup>(1)</sup> 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 share amounts)

<b>Assets</b>	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Current assets:		
Cash and cash equivalents	\$ 1,696,903	\$ 764,522
Short-term investments	45,508	38,448
Accounts receivable, net	408,886	455,527
Short-term finance receivables, net	826,122	893,950
Inventories	118,282	92,726
Current income taxes	42,605	11,373
Other current assets and prepayments	82,251	68,637
Total current assets	3,220,557	2,325,183
Property, plant and equipment, net	338,340	314,603
Rental property and equipment, net	185,866	188,054
Long-term finance receivables, net	650,793	673,207
Goodwill	1,616,968	1,571,335
Intangible assets, net	145,376	165,172
Noncurrent income taxes	77,188	74,806
Other assets	546,319	524,773
Total assets	<u>\$ 6,781,407</u>	<u>\$ 5,837,133</u>
<b><u>Liabilities and stockholders' equity (deficit)</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,348,395	\$ 1,378,822
Current income taxes	13,542	34,434
Current portion of long-term debt	620,256	614,485
Advance billings	282,537	299,878
Total current liabilities	2,264,730	2,327,619
Deferred taxes on income	257,987	204,289
Tax uncertainties and other income tax liabilities	39,671	61,276
Long-term debt	3,562,672	2,750,405
Other noncurrent liabilities	555,514	597,204
Total liabilities	<u>6,680,574</u>	<u>5,940,793</u>
Stockholders' equity (deficit):		
Cumulative preferred stock, \$50 par value, 4% convertible	1	1
Cumulative preference stock, no par value, \$2.12 convertible	457	483
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	133,394	148,125
Retained earnings	5,174,602	5,107,734
Accumulated other comprehensive loss	(818,484)	(940,133)
Treasury stock, at cost	(4,712,475)	(4,743,208)
Total Pitney Bowes Inc. stockholders' equity (deficit)	<u>100,833</u>	<u>(103,660)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 6,781,407</u>	<u>\$ 5,837,133</u>



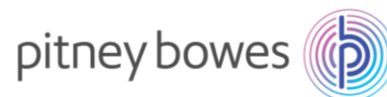
**Pitney Bowes Inc.**  
**Business Segments - Revenue and EBIT**  
(Unaudited; in thousands)

	Three months ended September 30,			Nine months ended September 30,		
	2017	2016 <sup>(1)</sup>	% Change	2017	2016 <sup>(1)</sup>	% Change
<b>Revenue</b>						
North America Mailing	\$ 319,966	\$ 349,785	(9%)	\$ 1,016,640	\$ 1,064,456	(4%)
International Mailing	93,770	96,730	(3%)	282,150	309,297	(9%)
<b>Small &amp; Medium Business Solutions</b>	413,736	446,515	(7%)	1,298,790	1,373,753	(5%)
Production Mail	104,387	106,350	(2%)	278,912	289,649	(4%)
Presort Services	119,074	114,053	4%	370,203	357,214	4%
<b>Enterprise Business Solutions</b>	223,461	220,403	1%	649,115	646,863	—%
Software Solutions	99,442	89,031	12%	264,087	257,417	3%
Global Ecommerce	106,181	83,082	28%	288,839	241,473	20%
<b>Digital Commerce Solutions</b>	205,623	172,113	19%	552,926	498,890	11%
<b>Total revenue</b>	\$ 842,820	\$ 839,031	—%	\$ 2,500,831	\$ 2,519,506	(1%)
<b>EBIT</b>						
North America Mailing	\$ 107,777	\$ 141,968	(24%)	\$ 369,662	\$ 449,696	(18%)
International Mailing	8,729	9,198	(5%)	35,967	32,842	10%
<b>Small &amp; Medium Business Solutions</b>	116,506	151,166	(23%)	405,629	482,538	(16%)
Production Mail	14,920	15,696	(5%)	31,515	35,434	(11%)
Presort Services	19,474	19,181	2%	69,461	69,305	—%
<b>Enterprise Business Solutions</b>	34,394	34,877	(1%)	100,976	104,739	(4%)
Software Solutions	20,912	10,329	>100%	31,216	17,908	74%
Global Ecommerce	(9,594)	1,544	>(100%)	(17,894)	(2,608)	>(100%)
<b>Digital Commerce Solutions</b>	11,318	11,873	(5%)	13,322	15,300	(13%)
<b>Segment EBIT <sup>(2)</sup></b>	\$ 162,218	\$ 197,916	(18%)	\$ 519,927	\$ 602,577	(14%)
<b>Reconciliation of segment EBIT to net income</b>						
<b>Segment EBIT</b>	\$ 162,218	\$ 197,916		\$ 519,927	\$ 602,577	
Corporate expenses	(38,848)	(51,992)		(144,138)	(158,536)	
<b>Adjusted EBIT</b>	123,370	145,924		375,789	444,041	
Interest, net <sup>(3)</sup>	(41,230)	(35,259)		(120,323)	(103,769)	
Restructuring charges and asset impairments, net	(1,493)	(16,494)		(30,502)	(49,503)	
Gain on sale of technology	—	—		6,085	—	
Acquisition/disposition related expenses	(5,682)	(578)		(5,682)	(4,274)	
<b>Income before income taxes</b>	74,965	93,593		225,367	286,495	
Provision for income taxes	(17,607)	(23,197)		(53,975)	(93,615)	
<b>Income from continuing operations</b>	57,358	70,396		171,392	192,880	
Loss from discontinued operations, net of tax	—	(291)		—	(1,951)	
<b>Net income</b>	\$ 57,358	\$ 70,105		\$ 171,392	\$ 190,929	

<sup>(1)</sup> Prior period amounts have been recast to conform to the current year presentation.

<sup>(2)</sup> Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges, and other items that are not allocated to a particular business segment.

<sup>(3)</sup> 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)

	<u>Three months ended September 30,</u>		YY Chg.	<u>Nine months ended September 30,</u>		YY Chg.
	2017	2016		2017	2016	
<b>Reconciliation of reported revenue to revenue excluding currency</b>						
Revenue, as reported	\$ 842,820	\$ 839,031		\$ 2,500,831	\$ 2,519,506	
Unfavorable impact on revenue due to currency	(4,476)			15,690		
Revenue, excluding currency	<u>\$ 838,344</u>	<u>\$ 839,031</u>	—%	<u>\$ 2,516,521</u>	<u>\$ 2,519,506</u>	—%

<b>Reconciliation of reported net income to adjusted earnings</b>						
Net income	\$ 57,358	\$ 70,105		\$ 171,392	\$ 190,929	
Loss from discontinued operations, net of tax	—	291		—	1,951	
Restructuring charges and asset impairments, net	969	10,840		20,073	32,399	
Gain on sale of technology	—	—		(5,605)	—	
Acquisition/disposition related expenses	3,583	365		3,583	2,904	
Tax cost - preferred stock redemption	—	4,847		—	4,847	
Net income, as adjusted	61,910	86,448		189,443	233,030	
Provision for income taxes, as adjusted	20,230	24,217		66,023	107,242	
Income from continuing operations before income taxes, as adjusted	82,140	110,665		255,466	340,272	
Interest, net	41,230	35,259		120,323	103,769	
EBIT, as adjusted	123,370	145,924		375,789	444,041	
Depreciation and amortization	43,829	50,687		131,989	140,225	
EBITDA, as adjusted	<u>\$ 167,199</u>	<u>\$ 196,611</u>		<u>\$ 507,778</u>	<u>\$ 584,266</u>	

<b>Reconciliation of reported diluted earnings per share to adjusted diluted earnings per share</b>						
Diluted earnings per share	\$ 0.31	\$ 0.35		\$ 0.92	\$ 0.93	
Loss from discontinued operations, net of tax	—	—		—	0.01	
Restructuring charges and asset impairments, net	0.01	0.06		0.11	0.17	
Gain on sale of technology	—	—		(0.03)	—	
Acquisition/disposition related expenses	0.02	—		0.02	0.01	
Tax cost - preferred stock redemption	—	0.03		—	0.03	
Diluted earnings per share, as adjusted	<u>\$ 0.33</u>	<u>\$ 0.44</u>		<u>\$ 1.01</u>	<u>\$ 1.16</u>	

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

<b>Reconciliation of reported net cash from operating activities to free cash flow</b>						
Net cash provided by operating activities <sup>(1)</sup>	\$ 145,930	\$ 137,775		\$ 330,577	\$ 296,359	
Capital expenditures	(42,941)	(44,173)		(119,562)	(115,532)	
Restructuring payments	10,960	17,295		29,976	51,161	
Pension contribution	—	—		—	36,731	
Reserve account deposits	(5,022)	8,956		(2,508)	1,813	
Other	—	—		—	335	
Free cash flow	<u>\$ 108,927</u>	<u>\$ 119,853</u>		<u>\$ 238,483</u>	<u>\$ 270,867</u>	

<sup>(1)</sup> Net cash provided by operating activities for the three and nine months ended September 30, 2016 has been revised for a new accounting standard adopted January 1, 2017.