

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited)

(Dollars in thousands, except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenue:				
Equipment sales	\$ 165,507	\$ 191,518	\$ 331,471	\$ 380,574
Supplies	70,636	76,284	144,004	155,801
Software	99,184	109,065	185,541	200,620
Rentals	111,312	122,443	225,309	246,022
Financing	101,437	107,644	207,067	217,694
Support services	139,237	158,190	278,795	316,442
Business services	193,578	193,306	399,385	378,794
Total revenue	<u>880,891</u>	<u>958,450</u>	<u>1,771,572</u>	<u>1,895,947</u>
Costs and expenses:				
Cost of equipment sales	79,043	88,818	154,056	171,352
Cost of supplies	21,624	23,505	44,283	47,659
Cost of software	28,501	33,484	58,365	63,648
Cost of rentals	21,003	25,193	41,704	50,637
Financing interest expense	17,868	20,413	36,638	40,066
Cost of support services	81,507	96,722	165,106	195,703
Cost of business services	135,636	135,024	275,555	263,960
Selling, general and administrative	315,578	338,384	630,107	689,759
Research and development	28,492	28,649	54,540	54,841
Restructuring charges and asset impairments, net	14,350	8,299	14,269	18,140
Interest expense, net	20,971	21,482	45,035	45,546
Other (income) expense, net	(93,135)	-	(93,135)	61,657
Total costs and expenses	<u>671,438</u>	<u>819,973</u>	<u>1,426,523</u>	<u>1,702,968</u>
Income from continuing operations before income taxes	209,453	138,477	345,049	192,979
Provision for income taxes	52,351	46,335	102,898	54,371
Income from continuing operations	157,102	92,142	242,151	138,608
(Loss) Income from discontinued operations, net of tax	(739)	6,717	(582)	9,518
Net income before attribution of noncontrolling interests	156,363	98,859	241,569	148,126
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,593	4,594	9,187	9,188
Net income - Pitney Bowes Inc.	<u>\$ 151,770</u>	<u>\$ 94,265</u>	<u>\$ 232,382</u>	<u>\$ 138,938</u>
Amounts attributable to common stockholders:				
Income from continuing operations	\$ 152,509	\$ 87,548	\$ 232,964	\$ 129,420
(Loss) Income from discontinued operations, net of tax	(739)	6,717	(582)	9,518
Net income - Pitney Bowes Inc.	<u>\$ 151,770</u>	<u>\$ 94,265</u>	<u>\$ 232,382</u>	<u>\$ 138,938</u>
Basic earnings per share attributable to common stockholders ⁽¹⁾ :				
Continuing operations	\$ 0.76	\$ 0.43	\$ 1.16	\$ 0.64
Discontinued operations	-	0.03	-	0.05
Net income - Pitney Bowes Inc.	<u>\$ 0.75</u>	<u>\$ 0.47</u>	<u>\$ 1.15</u>	<u>\$ 0.69</u>
Diluted earnings per share attributable to common stockholders ⁽¹⁾ :				
Continuing operations	\$ 0.75	\$ 0.43	\$ 1.15	\$ 0.63
Discontinued operations	-	0.03	-	0.05
Net income - Pitney Bowes Inc.	<u>\$ 0.75</u>	<u>\$ 0.46</u>	<u>\$ 1.15</u>	<u>\$ 0.68</u>
Weighted-average shares used in diluted EPS	<u>202,839,944</u>	<u>204,470,220</u>	<u>202,634,107</u>	<u>204,101,162</u>

⁽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)

<u>Assets</u>	June 30, 2015	December 31, 2014
Current assets:		
Cash and cash equivalents	\$ 754,171	\$ 1,079,145
Short-term investments	46,256	32,121
Accounts receivable, gross	411,492	448,017
Allowance for doubtful accounts receivable	(11,448)	(10,742)
Accounts receivable, net	400,044	437,275
Short-term finance receivables	969,398	1,019,412
Allowance for credit losses	(16,508)	(19,108)
Short-term finance receivables, net	952,890	1,000,304
Inventories	101,072	84,827
Current income taxes	37,035	40,542
Other current assets and prepayments	72,079	57,173
Assets held for sale	-	52,271
Total current assets	2,363,547	2,783,658
Property, plant and equipment, net	304,990	285,091
Rental property and equipment, net	193,939	200,380
Long-term finance receivables	788,066	828,723
Allowance for credit losses	(7,098)	(9,002)
Long-term finance receivables, net	780,968	819,721
Goodwill	1,747,950	1,672,721
Intangible assets, net	223,320	82,173
Non-current income taxes	78,766	96,377
Other assets	560,677	569,110
Total assets	\$ 6,254,157	\$ 6,509,231
<u>Liabilities, noncontrolling interests and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,420,283	\$ 1,572,971
Current income taxes	92,803	90,167
Current portion of long-term debt and notes payable	521,103	324,879
Advance billings	372,783	386,846
Total current liabilities	2,406,972	2,374,863
Deferred taxes on income	119,634	64,839
Tax uncertainties and other income tax liabilities	85,191	86,127
Long-term debt	2,473,087	2,927,127
Other non-current liabilities	681,539	682,646
Total liabilities	5,766,423	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	522	548
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	155,371	178,852
Retained earnings	5,054,442	4,897,708
Accumulated other comprehensive loss	(892,506)	(846,156)
Treasury stock, at cost	(4,449,804)	(4,477,032)
Total Pitney Bowes Inc. stockholders' equity	191,364	77,259
Total liabilities, noncontrolling interests and stockholders' equity	\$ 6,254,157	\$ 6,509,231

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
June 30, 2015
(Unaudited)

(Dollars in thousands)

	Three Months Ended June 30,		
	2015	2014	% Change
<u>Revenue</u>			
North America Mailing	\$ 356,791	\$ 371,194	(4%)
International Mailing	110,610	153,260	(28%)
Small & Medium Business Solutions	<u>467,401</u>	<u>524,454</u>	(11%)
Production Mail	97,731	111,756	(13%)
Presort Services	113,922	111,281	2%
Enterprise Business Solutions	<u>211,653</u>	<u>223,037</u>	(5%)
Software Solutions	99,041	108,820	(9%)
Global Ecommerce	77,966	68,653	14%
Digital Commerce Solutions	<u>177,007</u>	<u>177,473</u>	-
Other	24,830	33,486	(26%)
Total revenue	<u>\$ 880,891</u>	<u>\$ 958,450</u>	(8%)
<u>EBIT (1)</u>			
North America Mailing	\$ 159,392	\$ 156,781	2%
International Mailing	14,122	26,449	(47%)
Small & Medium Business Solutions	<u>173,514</u>	<u>183,230</u>	(5%)
Production Mail	10,028	10,558	(5%)
Presort Services	23,544	22,412	5%
Enterprise Business Solutions	<u>33,572</u>	<u>32,970</u>	2%
Software Solutions	16,158	9,877	64%
Global Ecommerce	3,056	3,749	(18%)
Digital Commerce Solutions	<u>19,214</u>	<u>13,626</u>	41%
Other	5,611	4,303	30%
Total EBIT	231,911	234,129	(1%)
Unallocated amounts:			
Interest, net (2)	(38,839)	(41,895)	
Corporate and other expenses	(51,921)	(45,458)	
Restructuring charges and asset impairments, net	(14,350)	(8,299)	
Other income, net	93,135	-	
Acquisition related compensation expense	(10,483)	-	
Income from continuing operations before income taxes	<u>\$ 209,453</u>	<u>\$ 138,477</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.
Revenue and EBIT
Business Segments
June 30, 2015
(Unaudited)

(Dollars in thousands)

	Six Months Ended June 30,		
	2015	2014	% Change
<u>Revenue</u>			
North America Mailing	\$ 718,665	\$ 752,221	(4%)
International Mailing	226,783	306,528	(26%)
Small & Medium Business Solutions	945,448	1,058,749	(11%)
Production Mail	197,234	216,972	(9%)
Presort Services	235,453	227,772	3%
Enterprise Business Solutions	432,687	444,744	(3%)
Software Solutions	185,278	200,194	(7%)
Global Ecommerce	153,352	132,529	16%
Digital Commerce Solutions	338,630	332,723	2%
Other	54,807	59,731	(8%)
Total revenue	\$ 1,771,572	\$ 1,895,947	(7%)
<u>EBIT (1)</u>			
North America Mailing	\$ 323,057	\$ 317,119	2%
International Mailing	25,846	51,268	(50%)
Small & Medium Business Solutions	348,903	368,387	(5%)
Production Mail	19,060	18,295	4%
Presort Services	51,038	46,308	10%
Enterprise Business Solutions	70,098	64,603	9%
Software Solutions	20,291	11,699	73%
Global Ecommerce	11,202	9,776	15%
Digital Commerce Solutions	31,493	21,475	47%
Other	10,569	5,985	77%
Total EBIT	461,063	460,450	- %
Unallocated amounts:			
Interest, net (2)	(81,673)	(85,612)	
Corporate and other expenses	(102,724)	(102,062)	
Restructuring charges and asset impairments, net	(14,269)	(18,140)	
Other income (expense), net	93,135	(61,657)	
Acquisition related compensation expense	(10,483)	-	
Income from continuing operations before income taxes	\$ 345,049	\$ 192,979	

(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)

(Dollars in thousands, except per share data)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
GAAP income from continuing operations				
after income taxes, as reported	\$ 152,509	\$ 87,548	\$ 232,964	\$ 129,420
Restructuring charges and asset impairments, net	8,613	5,577	8,560	12,258
Gain on sale of Imagitas	(88,429)	-	(88,429)	-
Transaction costs related to acquisitions and dispositions	6,105	-	6,105	-
Legal settlement	4,620	-	4,620	-
Acquisition related compensation expense	7,246	-	7,246	-
Extinguishment of debt	-	-	-	37,833
Income from continuing operations after income taxes, as adjusted	<u>\$ 90,664</u>	<u>\$ 93,125</u>	<u>\$ 171,066</u>	<u>\$ 179,511</u>
GAAP diluted earnings per share from continuing operations, as reported	\$ 0.75	\$ 0.43	\$ 1.15	\$ 0.63
Restructuring charges and asset impairments, net	0.04	0.03	0.04	0.06
Gain on sale of Imagitas	(0.44)	-	(0.44)	-
Transaction costs related to acquisitions and dispositions	0.03	-	0.03	-
Legal settlement	0.02	-	0.02	-
Acquisition related compensation expense	0.04	-	0.04	-
Extinguishment of debt	-	-	-	0.19
Diluted earnings per share from continuing operations, as adjusted	<u>\$ 0.45</u>	<u>\$ 0.46</u>	<u>\$ 0.84</u>	<u>\$ 0.88</u>
GAAP net cash provided by operating activities, as reported	\$ 96,444	\$ 174,831	\$ 200,331	\$ 280,447
Capital expenditures	(45,027)	(42,207)	(88,935)	(72,350)
Restructuring payments	8,901	14,593	30,775	33,530
Payments related to investment divestiture	3,215	-	26,375	-
Reserve account deposits	(1,387)	11,803	(21,464)	(3,356)
Acquisition related compensation payment	10,483	-	10,483	-
Cash transaction fees related to acquisitions and dispositions	11,116	-	11,116	-
Extinguishment of debt	-	3,300	-	61,657
Free cash flow, as adjusted	<u>\$ 83,745</u>	<u>\$ 162,320</u>	<u>\$ 168,681</u>	<u>\$ 299,928</u>

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)

(Dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
GAAP income from continuing operations				
after income taxes, as reported	\$ 152,509	\$ 87,548	\$ 232,964	\$ 129,420
Restructuring charges and asset impairments, net	8,613	5,577	8,560	12,258
Gain on sale of Imagitas	(88,429)	-	(88,429)	-
Transaction costs related to acquisitions and dispositions	6,105	-	6,105	-
Legal settlement	4,620	-	4,620	-
Acquisition related compensation expense	7,246	-	7,246	-
Extinguishment of debt	-	-	-	37,833
Income from continuing operations				
after income taxes, as adjusted	90,664	93,125	171,066	179,511
Provision for income taxes, as adjusted	45,894	49,057	96,413	84,077
Preferred stock dividends of subsidiaries				
attributable to noncontrolling interests	4,593	4,594	9,187	9,188
Income from continuing operations				
before income taxes, as adjusted	141,151	146,776	276,666	272,776
Interest, net	38,839	41,895	81,673	85,612
Adjusted EBIT	179,990	188,671	358,339	358,388
Depreciation and amortization	42,657	49,122	85,153	92,863
Adjusted EBITDA	\$ 222,647	\$ 237,793	\$ 443,492	\$ 451,251