

# Pitney Bowes Inc. Consolidated Statements of Income

(Unaudited; in thousands, except share and per share amounts)

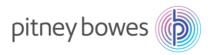
	Three months ended March 31,				
	2017		2016		
Revenue:					
Equipment sales	\$	162,974	\$	159,361	
Supplies		66,818		72,051	
Software		77,867		78,058	
Rentals		99,870		104,090	
Financing		85,745		97,423	
Support services		118,847		128,260	
Business services		224,519		205,346	
Total revenue		836,640		844,589	
Costs and expenses:					
Cost of equipment sales		69,562		71,539	
Cost of supplies		21,471		20,690	
Cost of software		25,308		26,815	
Cost of rentals		20,662		20,495	
Financing interest expense		12,974		14,915	
Cost of support services		73,354		75,249	
Cost of business services		150,843		135,538	
Selling, general and administrative		306,303		326,882	
Research and development		31,856		26,568	
Restructuring charges and asset impairments, net		2,082		6,933	
Interest expense, net		25,676		19,301	
Total costs and expenses		740,091		744,925	
Income before income taxes		96,549		99,664	
Provision for income taxes		31,416		37,024	
Net income		65,133		62,640	
Less: Preferred stock dividends attributable to noncontrolling interests		-		4,594	
Net income - Pitney Bowes Inc.	\$	65,133	\$	58,046	
Earnings per share attributable to common stockholders:					
Basic	\$	0.35	\$	0.30	
Diluted	\$	0.35	\$	0.30	
Weighted-average shares used in diluted earnings per share	1	86,875,143	1	193,181,424	



### Pitney Bowes Inc. Consolidated Balance Sheets

(Unaudited; in thousands, except share amounts)

<u>Assets</u>	March 31, 2017	December 31, 2016	
Current assets:	<b>A 700.550</b>	<b>A 704 500</b>	
Cash and cash equivalents	\$ 739,553	\$ 764,522	
Short-term investments	43,895	38,448	
Accounts receivable, net	389,990	455,527	
Short-term finance receivables, net	853,390	893,950	
Inventories	115,638	92,726	
Current income taxes	11,919	11,373	
Other current assets and prepayments	78,749	68,637	
Total current assets	2,233,134	2,325,183	
Property, plant and equipment, net	319,899	314,603	
Rental property and equipment, net	178,281	188,054	
Long-term finance receivables, net	664,630	673,207	
Goodwill	1,583,302	1,571,335	
Intangible assets, net	159,200	165,172	
Noncurrent income taxes	78,946	74,806	
Other assets	529,779	524,773	
Total assets	\$ 5,747,171	\$ 5,837,133	
Liabilities and stockholders' deficit Current liabilities: Accounts payable and accrued liabilities Current income taxes Current portion of long-term debt Advance billings	\$ 1,317,532 49,933 785,287 295,688	\$ 1,378,822 34,434 614,485 299,878	
Total current liabilities	2,448,440	2,327,619	
Deferred taxes on income	210,604	204,289	
Tax uncertainties and other income tax liabilities	61,195	61,276	
Long-term debt Other noncurrent liabilities	2,499,025 574,245	2,750,405 597,204	
Total liabilities		5,940,793	
Stockholders' deficit:	5,793,509	3,940,793	
Cumulative preferred stock, \$50 par value, 4% convertible	1	1	
Cumulative preference stock, 950 par value, \$2.12 convertible	478	483	
Common stock, \$1 par value	323,338	323,338	
Additional paid-in-capital	126,564	148,125	
Retained earnings	5,138,300	5,107,734	
Accumulated other comprehensive loss	(913,831)	(940,133)	
Treasury stock, at cost	(4,721,188)	(4,743,208)	
Total Pitney Bowes Inc. stockholders' deficit	(46,338)	(103,660)	
Total liabilities and stockholders' deficit	\$ 5,747,171	\$ 5,837,133	
	<del></del>	- 3,337,130	



## Pitney Bowes Inc. Business Segments - Revenue and EBIT

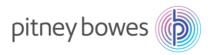
(Unaudited; in thousands)

	Three n	Three months ended March 31,					
	2017	2016 <sup>(1)</sup>	% Change				
Revenue							
North America Mailing	\$ 355,578	\$ 371,453	(4%)				
International Mailing	93,058	104,986	(11%)				
Small & Medium Business Solutions	448,636	476,439	(6%)				
Production Mail	88,955	87,425	2%				
Presort Services	132,677	127,396	4%				
Enterprise Business Solutions	221,632	214,821	3%				
Software Solutions	78,220	77,922	0%				
Global Ecommerce	88,152	75,407	17%				
Digital Commerce Solutions	166,372	153,329	9%				
Total revenue	\$ 836,640	\$ 844,589	(1%)				
<u>EBIT</u>							
North America Mailing	\$ 141,008	\$ 160,831	(12%)				
International Mailing	13,269	11,176	19%				
Small & Medium Business Solutions	154,277	172,007	(10%)				
Production Mail	8,964	6,824	31%				
Presort Services	30,717	28,910	6%				
Enterprise Business Solutions	39,681	35,734	11%				
Software Solutions	2,749	(2,572)	>100%				
Global Ecommerce	(4,270)	(3,469)	(23%)				
Digital Commerce Solutions	(1,521)	(6,041)	75%				
Segment EBIT (2)	\$ 192,437	\$ 201,700	(5%)				
December of comment EDE to not income							
Reconciliation of segment EBIT to net income							
Segment EBIT	\$ 192,437	\$ 201,700					
Corporate expenses	(55,156)	(57,767)					
Adjusted EBIT	137,281	143,933					
Interest, net (3)	(38,650)	(34,216)					
Restructuring charges and asset impairments, net	(2,082)	(6,933)					
Acquisition/disposition related expenses	-	(3,120)					
Income before income taxes	96,549	99,664					
Provision for income taxes  Net income	(31,416) \$ 65,133	(37,024) \$ 62,640					
NET INCOME	φ 00,133	φ 02,040					

<sup>(1)</sup> Prior period amounts have been recast to conform to the way we now manage and report our segments.

<sup>&</sup>lt;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)

	Three months ended March 31,				
		2017		2016	Y/Y Chg.
Reconciliation of reported revenue to revenue excluding currency	1				
Revenue, as reported	\$	836,640	\$	844,589	(0.9%)
Unfavorable impact on revenue due to currency		9,546		· -	NM
Revenue, excluding currency	\$	846,186	\$	844,589	0.2%
	-				
Reconciliation of reported net income to adjusted earnings					
Net income	\$	65,133	\$	62,640	
Less: Preferred stock dividends attributable to noncontrolling interests		-		4,594	
Net income attributable to PBI		65,133		58,046	
Restructuring charges and asset impairments, net		1,353		4,628	
Loss on disposition of businesses		<u> </u>		2,175	
Net income, as adjusted		66,486		64,849	
Preferred stock dividends attributable to noncontrolling interests		-		4,594	
Provision for income taxes, as adjusted		32,145		40,274	
Income from continuing operations before income taxes, as adjusted		98,631		109,717	
Interest, net		38,650 137,281		34,216	
EBIT, as adjusted Depreciation and amortization		44,295		143,933 44,300	
EBITDA, as adjusted	\$	181,576	\$	188,233	
Reconciliation of reported diluted earnings per share to adjusted	1				
diluted earnings per share					
Diluted earnings per share	\$	0.35	\$	0.30	
Restructuring charges and asset impairments, net		0.01		0.02	
Loss on disposition of businesses	_			0.01	
Diluted earnings per share, as adjusted	\$	0.36	\$	0.34	
Note: The sum of the earnings per share amounts may not equal the totals due to	o roun	ding.			
Reconciliation of reported net cash from operating activities to free cash flow					
Net cash provided by operating activities (1)	\$	154,006	\$	63,493	
Capital expenditures	**	(35,920)	*	(40,670)	
Restructuring payments		12,416		21,656	
		, - -		36,731	
Pension contribution				,	
		(19,346)		(16,253)	
Pension contribution Reserve account deposits Other		(19,346) -		(16,253) 189	

<sup>(1)</sup> Net cash provided by operating activities for the three months ended March 31, 2016 has been revised and increased \$5 million for a new accounting standard adopted January 1, 2017.