

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited)

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

	Three months ended December 31,		Twelve months ended December 31,	
	2014	2013	2014	2013
Revenue:				
Equipment sales	\$ 212,339	\$ 248,558	\$ 770,371	\$ 867,593
Supplies	71,691	72,545	300,040	285,730
Software	116,852	113,006	429,743	398,664
Rentals	119,560	128,057	484,629	512,493
Financing	107,330	111,167	432,859	448,906
Support services	154,372	164,257	625,135	646,657
Business services	201,769	173,231	778,727	631,292
Total revenue	<u>983,913</u>	<u>1,010,821</u>	<u>3,821,504</u>	<u>3,791,335</u>
Costs and expenses:				
Cost of equipment sales	103,388	127,013	365,724	422,580
Cost of supplies	23,546	22,829	93,675	89,365
Cost of software	30,337	30,560	123,760	110,653
Cost of rentals	23,065	24,389	97,338	100,335
Financing interest expense	18,829	20,281	78,562	77,719
Cost of support services	88,800	99,747	377,003	400,038
Cost of business services	138,257	126,962	544,729	449,932
Selling, general and administrative	346,903	362,220	1,378,400	1,420,096
Research and development	29,030	29,061	109,931	110,412
Restructuring charges & asset impairments	61,894	30,404	84,560	84,344
Other interest expense	24,290	25,146	95,291	114,740
Interest income	(1,106)	(965)	(4,403)	(5,472)
Other expense, net	-	7,518	45,738	32,639
Total costs and expenses	<u>887,233</u>	<u>905,165</u>	<u>3,390,308</u>	<u>3,407,381</u>
Income from continuing operations before income taxes	96,680	105,656	431,196	383,954
Provision for income taxes	<u>33,134</u>	<u>25,922</u>	<u>112,815</u>	<u>77,967</u>
Income from continuing operations	63,546	79,734	318,381	305,987
Income (loss) from discontinued operations, net of tax	<u>3,576</u>	<u>14,948</u>	<u>33,749</u>	<u>(144,777)</u>
Net income before attribution of noncontrolling interests	67,122	94,682	352,130	161,210
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	<u>4,594</u>	<u>4,593</u>	<u>18,375</u>	<u>18,375</u>
Net income - Pitney Bowes Inc.	<u>\$ 62,528</u>	<u>\$ 90,089</u>	<u>\$ 333,755</u>	<u>\$ 142,835</u>
Amounts attributable to common stockholders:				
Income from continuing operations	\$ 58,952	\$ 75,141	\$ 300,006	\$ 287,612
Income (loss) from discontinued operations	<u>3,576</u>	<u>14,948</u>	<u>33,749</u>	<u>(144,777)</u>
Net income - Pitney Bowes Inc.	<u>\$ 62,528</u>	<u>\$ 90,089</u>	<u>\$ 333,755</u>	<u>\$ 142,835</u>
Basic earnings per share attributable to common stockholders ⁽¹⁾ :				
Continuing operations	0.29	0.37	1.49	1.43
Discontinued operations	<u>0.02</u>	<u>0.07</u>	<u>0.17</u>	<u>(0.72)</u>
Net income - Pitney Bowes Inc.	<u>\$ 0.31</u>	<u>\$ 0.45</u>	<u>\$ 1.65</u>	<u>\$ 0.71</u>
Diluted earnings per share attributable to common stockholders ⁽¹⁾ :				
Continuing operations	0.29	0.37	1.47	1.42
Discontinued operations	<u>0.02</u>	<u>0.07</u>	<u>0.17</u>	<u>(0.71)</u>
Net income - Pitney Bowes Inc.	<u>\$ 0.31</u>	<u>\$ 0.44</u>	<u>\$ 1.64</u>	<u>\$ 0.70</u>
Weighted-average shares used in diluted EPS	<u>203,110,509</u>	<u>203,581,724</u>	<u>203,961,446</u>	<u>202,956,738</u>

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

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

Assets	December 31, 2014	December 31, 2013 (1)
Current assets:		
Cash and cash equivalents	\$ 1,079,145	\$ 907,806
Short-term investments	32,121	31,128
Accounts receivable, gross	424,479	482,949
Allowance for doubtful accounts receivable	(10,742)	(13,149)
Accounts receivable, net	413,737	469,800
Finance receivables	1,019,412	1,127,261
Allowance for credit losses	(19,108)	(24,340)
Finance receivables, net	1,000,304	1,102,921
Inventories	84,827	103,580
Current income taxes	40,542	28,934
Other current assets and prepayments	57,173	147,067
Assets held for sale	52,271	46,976
Total current assets	2,760,120	2,838,212
Property, plant and equipment, net	285,091	245,171
Rental property and equipment, net	200,380	226,146
Finance receivables	828,723	974,972
Allowance for credit losses	(9,002)	(12,609)
Finance receivables, net	819,721	962,363
Goodwill	1,672,721	1,734,871
Intangible assets, net	82,173	120,387
Non-current income taxes	96,377	73,751
Other assets	569,110	571,807
Total assets	\$ 6,485,693	\$ 6,772,708
<u>Liabilities, noncontrolling interests and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,558,731	\$ 1,644,582
Current income taxes	90,167	157,340
Notes payable and current portion of long-term obligations	324,879	-
Advance billings	386,846	425,833
Total current liabilities	2,360,623	2,227,755
Deferred taxes on income	64,839	39,701
Tax uncertainties and other income tax liabilities	86,127	190,645
Long-term debt	2,927,127	3,346,295
Other non-current liabilities	673,348	466,766
Total liabilities	6,112,064	6,271,162
Noncontrolling interests (Preferred stockholders' equity in subsidiaries)	296,370	296,370
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	1	4
Cumulative preference stock, no par value, \$2.12 convertible	548	591
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	178,852	196,977
Retained earnings	4,897,708	4,715,564
Accumulated other comprehensive loss	(846,156)	(574,556)
Treasury stock, at cost	(4,477,032)	(4,456,742)
Total Pitney Bowes Inc. stockholders' equity	77,259	205,176
Total liabilities, noncontrolling interests and stockholders' equity	\$ 6,485,693	\$ 6,772,708

(1) Certain prior year amounts have been revised.

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
December 31, 2014
(Unaudited)

(Dollars in thousands)

	Three Months Ended December 31,		
	2014	2013	% Change
<u>Revenue</u>			
North America Mailing	\$ 376,420	\$ 392,867	(4%)
International Mailing	133,621	157,917	(15%)
Small & Medium Business Solutions	<u>510,041</u>	<u>550,784</u>	(7%)
Production Mail	131,730	151,192	(13%)
Presort Services	117,351	107,515	9%
Enterprise Business Solutions	<u>249,081</u>	<u>258,707</u>	(4%)
Digital Commerce Solutions	<u>224,791</u>	<u>201,330</u>	12%
Total revenue	<u>\$ 983,913</u>	<u>\$ 1,010,821</u>	(3%)
<u>EBIT (1)</u>			
North America Mailing	\$ 165,764	\$ 176,162	(6%)
International Mailing	21,363	18,424	16%
Small & Medium Business Solutions	<u>187,127</u>	<u>194,586</u>	(4%)
Production Mail	19,678	20,761	(5%)
Presort Services	29,995	18,127	65%
Enterprise Business Solutions	<u>49,673</u>	<u>38,888</u>	28%
Digital Commerce Solutions	<u>31,731</u>	<u>26,808</u>	18%
Total EBIT	<u>\$ 268,531</u>	<u>\$ 260,282</u>	3%
Unallocated amounts:			
Interest, net (2)	(42,013)	(44,462)	
Corporate and other expenses	(67,944)	(72,242)	
Restructuring charges & asset impairments	(61,894)	(30,404)	
Other expense, net	<u>-</u>	<u>(7,518)</u>	
Income from continuing operations before income taxes	<u>\$ 96,680</u>	<u>\$ 105,656</u>	

(1) Earnings before interest and taxes (EBIT) excludes general corporate expenses and restructuring charges & asset impairments.

(2) Interest, net includes financing interest expense, other interest expense and interest income.

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
December 31, 2014
(Unaudited)

(Dollars in thousands)

	Twelve Months Ended December 31,		
	2014	2013	% Change
Revenue			
North America Mailing	\$ 1,491,927	\$ 1,555,585	(4%)
International Mailing	572,440	602,582	(5%)
Small & Medium Business Solutions	<u>2,064,367</u>	<u>2,158,167</u>	(4%)
Production Mail	462,199	511,544	(10%)
Presort Services	456,556	430,469	6%
Enterprise Business Solutions	<u>918,755</u>	<u>942,013</u>	(2%)
Digital Commerce Solutions	<u>838,382</u>	<u>691,155</u>	21%
Total revenue	<u>\$ 3,821,504</u>	<u>\$ 3,791,335</u>	1%
EBIT (1)			
North America Mailing	\$ 642,521	\$ 640,830	-
International Mailing	88,710	71,516	24%
Small & Medium Business Solutions	<u>731,231</u>	<u>712,346</u>	3%
Production Mail	47,543	55,000	(14%)
Presort Services	98,230	83,259	18%
Enterprise Business Solutions	<u>145,773</u>	<u>138,259</u>	5%
Digital Commerce Solutions	<u>83,725</u>	<u>54,777</u>	53%
Total EBIT	<u>\$ 960,729</u>	<u>\$ 905,382</u>	6%
Unallocated amounts:			
Interest, net (2)	(169,450)	(186,987)	
Corporate and other expenses	(229,785)	(217,458)	
Restructuring charges & asset impairments	(84,560)	(84,344)	
Other expense, net	<u>(45,738)</u>	<u>(32,639)</u>	
Income from continuing operations before income taxes	<u>\$ 431,196</u>	<u>\$ 383,954</u>	

(1) Earnings before interest and taxes (EBIT) excludes general corporate expenses and restructuring charges & asset impairments.

(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 December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
GAAP income from continuing operations after income taxes, as reported	\$ 58,952	\$ 75,141	\$ 300,006	\$ 287,612
Restructuring charges & asset impairments	44,188	23,363	59,349	59,024
Extinguishment of debt	-	4,586	37,833	19,911
Investment divestiture	-	-	(9,774)	-
Income from continuing operations after income taxes, as adjusted	<u>\$ 103,140</u>	<u>\$ 103,090</u>	<u>\$ 387,414</u>	<u>\$ 366,547</u>
GAAP diluted earnings per share from continuing operations, as reported	\$ 0.29	\$ 0.37	\$ 1.47	\$ 1.42
Restructuring charges & asset impairments	0.22	0.11	0.29	0.29
Extinguishment of debt	-	0.02	0.19	0.10
Investment divestiture	-	-	(0.05)	-
Diluted earnings per share from continuing operations, as adjusted	<u>\$ 0.51</u>	<u>\$ 0.51</u>	<u>\$ 1.90</u>	<u>\$ 1.81</u>
GAAP net cash provided by operating activities, as reported	\$ 258,094	\$ 131,264	\$ 655,526	\$ 624,824
Capital expenditures	(59,286)	(34,120)	(180,556)	(137,512)
Restructuring payments	14,011	18,167	56,162	59,520
Net tax receipts related to investment divestiture	(59,475)	-	(5,737)	-
Tax payments related to sale of businesses	-	75,545	-	75,545
Reserve account deposits	253	(3,142)	(15,666)	(20,104)
Extinguishment of debt	-	7,518	61,657	32,639
Free cash flow, as adjusted	<u>\$ 153,597</u>	<u>\$ 195,232</u>	<u>\$ 571,386</u>	<u>\$ 634,912</u>

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

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

(Dollars in thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
GAAP income from continuing operations after income taxes, as reported	\$ 58,952	\$ 75,141	\$ 300,006	\$ 287,612
Restructuring charges & asset impairments	44,188	23,363	59,349	59,024
Extinguishment of debt	-	4,586	37,833	19,911
Investment divestiture	-	-	(9,774)	-
Income from continuing operations after income taxes, as adjusted	103,140	103,090	387,414	366,547
Provision for income taxes, as adjusted	50,840	35,895	155,705	116,015
Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,593	18,375	18,375
Income from continuing operations before income taxes, as adjusted	158,574	143,578	561,494	500,937
Interest, net	42,013	44,462	169,450	186,987
Adjusted EBIT	200,587	188,040	730,944	687,924
Depreciation and amortization	54,728	41,027	197,234	194,905
Adjusted EBITDA	\$ 255,315	\$ 229,067	\$ 928,178	\$ 882,829