



Fourth Quarter 2012 Earnings
January 31, 2013

Forward-Looking Statements

This document contains “forward-looking statements” about our expected or potential future business and financial performance. For us forward-looking statements include, but are not limited to, statements about our future revenue and earnings guidance and other statements about future events or conditions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to: mail volumes; the uncertain economic environment; timely development, market acceptance and regulatory approvals, if needed, of new products; fluctuations in customer demand; changes in postal regulations; interrupted use of key information systems; management of outsourcing arrangements; foreign currency exchange rates; changes in our credit ratings; management of credit risk; changes in interest rates; the financial health of national posts; and other factors beyond our control as more fully outlined in the Company's 2011 Form 10-K Annual Report and other reports filed with the Securities and Exchange Commission. Pitney Bowes assumes no obligation to update any forward-looking statements contained in this document as a result of new information, events or developments.

Fourth Quarter 2012 - Highlights

- Year-over-year revenue growth in:
 - Management Services, the first since 2008
 - International Mailing
 - Mail Services
 - Software
- Continued moderation in declines of recurring revenue streams
- North America Mailing equipment sales revenue declined 3%; continuation of an improving trend
- SG&A expense lower year-over-year in dollars and as a percent of revenue due to on-going productivity initiatives

Improving revenue trends; productivity initiatives continue to provide benefits

Full Year 2012 - Highlights

- Decision to exit the International Mail Services business
- Retired a total of \$550 million in debt; issued \$340 million of new debt as a pre-funding for \$375 million of debt due in 2013
- Multi-year agreement with Facebook to offer global geocoding, reverse geocoding and other location intelligence applications
- Strategic partnership with ORION Holdings Group to provide print management services
- Partnership with eBay to facilitate international ecommerce and cross-border sale of goods
- Continued investment in Volly™ – partnership with Australia Post
- Restructuring program announced to achieve further cost savings

Investment in growth initiatives; committed to strengthening balance sheet

Financial Highlights – EPS Reconciliation¹

	Q4 2012	Q4 2011	FY 2012	FY 2011
Adjusted EPS from continuing operations before net tax benefits	\$0.56	\$0.61	\$2.07	\$2.31
Net tax benefit	-	\$0.37	\$0.11	\$0.44
Adjusted EPS from continuing operations	\$0.56	\$0.98	\$2.18	\$2.75
Restructuring and asset impairments	(\$0.07)	(\$0.31)	(\$0.08)	(\$0.48)
Goodwill charge	-	(\$0.41)	-	(\$0.41)
Tax charge	-	-	-	(\$0.02)
Sale of leveraged lease assets	-	-	\$0.06	\$0.13
GAAP EPS from continuing operations	\$0.49	\$0.25	\$2.16	\$1.98
Discontinued operations – income (loss)	\$0.06	\$1.03	\$0.05	\$1.07
GAAP EPS	\$0.55	\$1.28	\$2.21	\$3.05

¹ 2012 and 2011 results reflect the International Mail Services (IMS) business as a discontinued operation
The sum of the earnings per share may not equal the totals due to rounding.

Financial Highlights – Q4 and Full Year 2012

	Q4 2012 *	Full Year 2012 *
Revenue & YOY Change Excluding currency impact	\$1.3 billion (1%)	\$5.0 billion (3%)
Revenue & YOY Change Reported	\$1.3 billion (1%)	\$4.9 billion (4%)
Adjusted EPS from continuing operations Full Year excludes Q1 \$0.11 per share tax benefit	\$0.56	\$2.07
GAAP EPS	\$0.55	\$2.21
Adjusted EBIT †	\$216 million	\$820 million
Adjusted EBIT Margin	16.7%	16.7%
Adjusted EBITDA †	\$280 million	\$1,075 million
SG&A	\$410 million	\$1,598 million
SG&A:Revenue %	31.9%	32.6%
Free Cash Flow	\$253 million	\$769 million
Cash From Operations	\$256 million	\$660 million

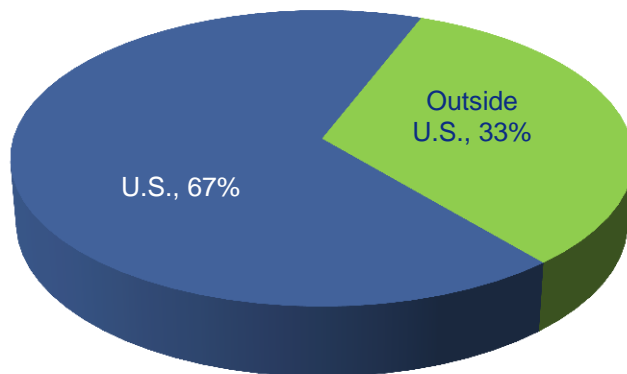
* A reconciliation schedule of GAAP to Non-GAAP measures can be found on slides 20 and 21 in this presentation.

† Adjusted EBIT excludes goodwill, restructuring and asset impairments, and the net benefit from the sale of leveraged lease assets.

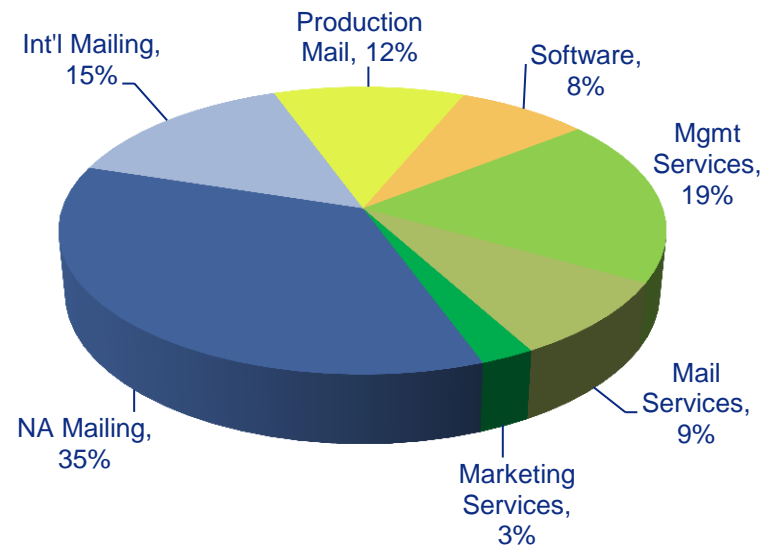
Pitney Bowes – Total Results (\$ millions)

Total PBI	Q4 2012	Y-O-Y Change	Change Ex-Currency
Revenue	\$1,287	(1%)	(1%)
EBIT	\$ 216	(10%)	

Q4 2012 Revenue by Geography



Q4 2012 Business Segment % of Total Revenue



Business Segment Results (\$ millions)

SMB	Q4 2012	Y-O-Y Change	Change Ex-Currency
Revenue	\$644	(3%)	(3%)
EBIT	\$200	(9%)	

Small and Medium Business (SMB) Solutions Group comprised of:
North America Mailing
International Mailing

50% of Total PBI Revenue – Q4 2012

Business Segment Results (\$ millions)

North America Mailing	Q4 2012	Y-O-Y Change	Change Ex-Currency
Revenue	\$456	(6%)	(6%)
EBIT	\$174	(11%)	

- Equipment sales revenue declined 3%, which is a slowing rate of decline
- Continue to benefit from increased placements of SendSuite Live™
- Slower decline in recurring revenue streams, in aggregate
- EBIT margin impacted by fewer lease extensions and decline in high margin recurring revenue streams

International Mailing	Q4 2012	Y-O-Y Change	Change Ex-Currency
Revenue	\$188	3%	4%
EBIT	\$ 26	10%	

- Revenue benefited from higher equipment sales in the Nordics and increased placements of Connect+ mailing systems in France and Germany
- Uncertain economic environment continues to impact sales in Europe
- EBIT margin benefited from improved service margins and productivity initiatives

Business Segment Results (\$ millions)

Enterprise	Q4 2012	Y-O-Y Change	Change Ex-Currency
Revenue	\$643	1%	1%
EBIT	\$ 77	(9%)	

Enterprise Solutions Group comprised of:

- Production Mail
- Software
- Management Services
- Mail Services
- Marketing Services

50% of Total PBI Revenue – Q4 2012

Business Segment Results (\$ millions)

Production Mail	Q4 2012	Y-O-Y Change	Change Ex-Currency
Revenue	\$152	(6%)	(6%)
EBIT	\$ 14	(30%)	

- Experienced a significant increase in the backlog of orders at year-end; expected to have a positive impact on future revenue
- Revenue negatively impacted by global economic uncertainty experienced earlier in the year
- EBIT margin impacted by the lower revenue, mix of business and continued investment in Volly

Business Segment Results (\$ millions)

Software	Q4 2012	Y-O-Y Change	Change Ex-Currency
Revenue	\$105	2%	2%
EBIT	\$ 18	172%	

- Revenue growth due to large licensing deals, particularly in the Americas
- Continued weakness in European and Asian markets due to ongoing economic uncertainty and continued austerity measures in public sector
- EBIT margin benefited from revenue growth and productivity initiatives

Management Services	Q4 2012	Y-O-Y Change	Change Ex-Currency
Revenue	\$242	5%	5%
EBIT	\$ 19	11%	

- First quarter of revenue growth since 2008 due to positive net new written business in prior periods and increased volume of documents processed
- EBIT margin benefited from revenue growth and continued expense management

Business Segment Results (\$ millions)

Mail Services	Q4 2012	Y-O-Y Change	Change Ex-Currency
Revenue	\$113	3%	3%
EBIT	\$ 20	(43%)	

- Revenue benefited from increased workshare discounts and co-transportation of mail
- Ecommerce contributed incremental revenue in the quarter
- EBIT margin comparison impacted by \$9 million insurance reimbursement received in fourth quarter of 2011
- EBIT margin affected by \$2 million start-up investment in ecommerce

Marketing Services	Q4 2012	Y-O-Y Change	Change Ex-Currency
Revenue	\$32	(5%)	(5%)
EBIT	\$ 6	(1%)	

- Revenue impacted by lower household move volumes during the quarter
- EBIT margin benefited from reduced print production costs and ongoing productivity initiatives

2013 Full Year Guidance

Revenue, excluding the impact of currency:	Flat to 3% growth
GAAP EPS from continuing operations:	\$1.85 to \$2.00
(GAAP EPS excludes any unusual items that may occur during the year)	
Free cash flow:	\$600 - \$700 million

Assumptions:

Worldwide economic and postal environments will be similar to 2012.

Revenue:

- Growth in the Enterprise Solutions Group from new initiatives, such as ecommerce, print outsourcing and software solutions.
- Moderation in the decline of revenue in the SMB Solutions Group.
- Improving trends in equipment sales.

Timing:

- Continued investments in growth initiatives, which will result in higher expenses in the first half of the year, but are anticipated to lead to greater revenue and margin contribution in the second half of the year.
- Decline in recurring revenue streams will diminish in second half of the year.

Free cash flow:

- Assumes \$155-\$165 million in Capital Expenditures

Appendix

Non-GAAP Measures

The Company's financial results are reported in accordance with generally accepted accounting principles (GAAP). The Company uses measures such as adjusted earnings per share, adjusted income from continuing operations and free cash flow to exclude the impact of special items like restructuring charges, tax adjustments, asset sales and asset write-downs, because, while these are actual Company expenses, they can mask underlying trends associated with our business. Such items are often inconsistent in amount and frequency and as such, the adjustments allow an investor greater insight into the current underlying operating trends of the business.

The use of free cash flow provides investors insight into the amount of cash that management could have available for other discretionary uses. It adjusts GAAP cash from operations for capital expenditures, as well as special items like cash used for restructuring charges, unusual tax payments and contributions to its pension funds. Management uses segment EBIT to measure profitability and performance at the segment level. EBIT is determined by deducting the related costs and expenses attributable to the segment. Segment EBIT excludes interest, taxes, general corporate expenses not allocated to a particular business segment, restructuring charges, asset sales, asset impairments, and goodwill charges which are recognized on a consolidated basis. In addition, financial results are presented on a constant currency basis to exclude the impact of changes in foreign currency exchange rates since the prior period under comparison. Constant currency measures are intended to help investors better understand the underlying operational performance of the business excluding the impacts of shifts in currency exchange rates over the intervening period.

Pitney Bowes has provided a quantitative reconciliation to GAAP in supplemental schedules. This information may also be found at the Company's web site www.pb.com/investorrelations.

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited)

(Dollars in thousands, except per share data)

	Three months ended December 31,		Twelve months ended December 31,	
	2012	2011 ⁽²⁾	2012	2011 ⁽²⁾
Revenue:				
Equipment sales	\$ 281,772	\$ 280,365	\$ 938,289	\$ 986,392
Supplies	69,815	72,246	283,604	307,974
Software	110,385	108,301	412,762	426,606
Rentals	141,445	151,926	569,619	618,990
Financing	121,435	134,311	495,130	547,269
Support services	173,243	175,798	689,667	706,505
Business services	389,212	382,208	1,514,944	1,528,860
Total revenue	1,287,307	1,305,155	4,904,015	5,122,596
Costs and expenses:				
Cost of equipment sales	149,861	132,782	459,051	449,479
Cost of supplies	22,141	23,089	87,569	97,454
Cost of software	24,427	25,566	92,708	99,107
Cost of rentals	28,098	30,770	115,356	138,603
Financing interest expense	19,755	20,783	81,140	87,698
Cost of support services	105,750	107,815	440,055	452,582
Cost of business services	298,767	287,354	1,156,828	1,161,429
Selling, general and administrative	410,281	425,473	1,598,286	1,690,360
Research and development	32,390	40,873	136,908	148,645
Restructuring charges and asset impairments	22,291	84,087	23,117	136,548
Goodwill impairment	-	84,500	-	84,500
Other interest expense	27,967	29,357	115,228	115,363
Interest income	(2,189)	(1,093)	(7,982)	(5,795)
Other income, net	-	(9,200)	1,138	(19,918)
Total costs and expenses	1,139,539	1,282,156	4,299,402	4,636,055
Income from continuing operations before income taxes	147,768	22,999	604,613	486,541
Provision for income taxes	44,224	(32,170)	150,305	67,610
Income from continuing operations	103,544	55,169	454,308	418,931
Income from discontinued operations, net of income tax	11,387	206,899	9,231	216,924
Net income before attribution of noncontrolling interests	114,931	262,068	463,539	635,855
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,594	18,376	18,375
Net income - Pitney Bowes Inc.	\$ 110,337	\$ 257,474	\$ 445,163	\$ 617,480
Amounts attributable to common stockholders:				
Income from continuing operations	\$ 98,950	\$ 50,575	\$ 435,932	\$ 400,556
Income from discontinued operations	11,387	206,899	9,231	216,924
Net income - Pitney Bowes Inc.	\$ 110,337	\$ 257,474	\$ 445,163	\$ 617,480
Basic earnings per share attributable to common stockholders ⁽¹⁾:				
Continuing operations	0.49	0.25	2.18	1.98
Discontinued operations	0.06	1.04	0.05	1.07
Net income - Pitney Bowes Inc.	\$ 0.55	\$ 1.29	\$ 2.22	\$ 3.06
Diluted earnings per share attributable to common stockholders ⁽¹⁾:				
Continuing operations	0.49	0.25	2.16	1.98
Discontinued operations	0.06	1.03	0.05	1.07
Net income - Pitney Bowes Inc.	\$ 0.55	\$ 1.28	\$ 2.21	\$ 3.05

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

(2) 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)

Assets	12/31/12	12/31/11
Current assets:		
Cash and cash equivalents	\$ 913,276	\$ 856,238
Short-term investments	36,611	12,971
Accounts receivable, gross	755,218	755,485
Allowance for doubtful accounts receivable	(26,968)	(31,855)
Accounts receivable, net	728,250	723,630
Finance receivables	1,213,776	1,296,673
Allowance for credit losses	(25,484)	(45,583)
Finance receivables, net	1,188,292	1,251,090
Inventories	179,678	178,599
Current income taxes	51,836	102,556
Other current assets and prepayments	114,184	134,774
Total current assets	3,212,127	3,259,858
Property, plant and equipment, net	385,377	404,146
Rental property and equipment, net	241,192	258,711
Finance receivables	1,041,099	1,123,638
Allowance for credit losses	(14,610)	(17,847)
Finance receivables, net	1,026,489	1,105,791
Investment in leveraged leases	34,546	138,271
Goodwill	2,136,138	2,147,088
Intangible assets, net	166,214	212,603
Non-current income taxes	94,434	89,992
Other assets	563,374	530,644
Total assets	\$ 7,859,891	\$ 8,147,104
<u>Liabilities, noncontrolling interests and stockholders' equity (deficit)</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,809,226	\$ 1,840,465
Current income taxes	240,681	242,972
Notes payable and current portion of long-term obligations	375,000	550,000
Advance billings	452,130	458,425
Total current liabilities	2,877,037	3,091,862
Deferred taxes on income	69,222	175,944
Tax uncertainties and other income tax liabilities	145,881	194,840
Long-term debt	3,642,375	3,683,909
Other non-current liabilities	718,375	743,165
Total liabilities	7,452,890	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	648	659
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	223,847	240,584
Retained Earnings	4,744,802	4,600,217
Accumulated other comprehensive loss	(681,213)	(661,645)
Treasury Stock, at cost	(4,500,795)	(4,542,143)
Total Pitney Bowes Inc. stockholders' equity (deficit)	110,631	(38,986)
Total liabilities, noncontrolling interests and stockholders' equity (deficit)	\$ 7,859,891	\$ 8,147,104

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
December 31, 2012
(Unaudited)

(Dollars in thousands)

	<u>Three Months Ended December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>% Change</u>
<u>Revenue</u>			
North America Mailing	\$ 456,243	\$ 482,843	(6%)
International Mailing	187,973	182,928	3%
Small & Medium Business Solutions	<u>644,216</u>	<u>665,771</u>	<u>(3%)</u>
Production Mail	151,775	161,888	(6%)
Software	104,550	102,481	2%
Management Services	241,880	231,378	5%
Mail Services	112,690	109,849	3%
Marketing Services	<u>32,196</u>	<u>33,788</u>	<u>(5%)</u>
Enterprise Business Solutions	<u>643,091</u>	<u>639,384</u>	<u>1%</u>
Total revenue	<u>\$ 1,287,307</u>	<u>\$ 1,305,155</u>	<u>(1%)</u>
<u>EBIT (1)</u>			
North America Mailing	\$ 173,690	\$ 195,272	(11%)
International Mailing	25,939	23,568	10%
Small & Medium Business Solutions	<u>199,629</u>	<u>218,840</u>	<u>(9%)</u>
Production Mail	13,716	19,591	(30%)
Software	17,823	6,564	172%
Management Services	19,012	17,065	11%
Mail Services	19,841	34,651	(43%)
Marketing Services	<u>6,444</u>	<u>6,516</u>	<u>(1%)</u>
Enterprise Business Solutions	<u>76,836</u>	<u>84,387</u>	<u>(9%)</u>
Total EBIT	<u>\$ 276,465</u>	<u>\$ 303,227</u>	<u>(9%)</u>
Unallocated amounts:			
Interest, net (2)	(45,533)	(49,047)	
Corporate and other expenses	(60,873)	(62,594)	
Restructuring and asset impairments	(22,291)	(84,087)	
Goodwill impairment	<u>-</u>	<u>(84,500)</u>	
Income from continuing operations before income taxes	<u>\$ 147,768</u>	<u>\$ 22,999</u>	

- (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
December 31, 2012
(Unaudited)

(Dollars in thousands)

	Twelve Months Ended December 31,		
	2012	2011	% Change
Revenue			
North America Mailing	\$ 1,818,952	\$ 1,961,198	(7%)
International Mailing	675,637	707,416	(4%)
Small & Medium Business Solutions	<u>2,494,589</u>	<u>2,668,614</u>	<u>(7%)</u>
Production Mail	512,109	544,483	(6%)
Software	393,380	407,402	(3%)
Management Services	920,959	948,891	(3%)
Mail Services	445,092	411,634	8%
Marketing Services	137,886	141,572	(3%)
Enterprise Business Solutions	<u>2,409,426</u>	<u>2,453,982</u>	<u>(2%)</u>
Total Revenue	<u>\$ 4,904,015</u>	<u>\$ 5,122,596</u>	<u>(4%)</u>
EBIT (1)			
North America Mailing	\$ 688,665	\$ 727,999	(5%)
International Mailing	78,979	98,601	(20%)
Small & Medium Business Solutions	<u>767,644</u>	<u>826,600</u>	<u>(7%)</u>
Production Mail	25,644	32,562	(21%)
Software	37,958	38,182	(1%)
Management Services	55,198	76,321	(28%)
Mail Services	101,005	103,026	(2%)
Marketing Services	28,061	26,184	7%
Enterprise Business Solutions	<u>247,866</u>	<u>276,275</u>	<u>(10%)</u>
Total EBIT	<u>\$ 1,015,510</u>	<u>\$ 1,102,875</u>	<u>(8%)</u>
Unallocated amounts:			
Interest, net	(188,386)	(197,266)	
Corporate and other expenses	(199,394)	(198,020)	
Restructuring and asset impairments	(23,117)	(136,548)	
Goodwill impairment	<u>-</u>	<u>(84,500)</u>	
Income from continuing operations before income taxes	<u>\$ 604,614</u>	<u>\$ 486,541</u>	

- (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 December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
GAAP income from continuing operations				
after income taxes, as reported	\$ 98,950	\$ 50,575	\$ 435,932	\$ 400,556
Restructuring charges and asset impairments	15,096	62,571	15,407	97,660
Goodwill impairment	-	82,890	-	82,890
Sale of leveraged lease assets	-	-	(12,886)	(26,689)
Tax adjustments	-	579	-	3,539
Income from continuing operations				
after income taxes, as adjusted	<u>\$ 114,046</u>	<u>\$ 196,615</u>	<u>\$ 438,453</u>	<u>\$ 557,956</u>
GAAP diluted earnings per share from				
continuing operations, as reported	\$ 0.49	\$ 0.25	\$ 2.16	\$ 1.98
Restructuring charges and asset impairments	0.07	0.31	0.08	0.48
Goodwill impairment	-	0.41	-	0.41
Sale of leveraged lease	-	-	(0.06)	(0.13)
Tax adjustments	-	0.00	-	0.02
Diluted earnings per share from continuing				
operations, as adjusted	<u>\$ 0.56</u>	<u>\$ 0.98</u>	<u>\$ 2.18</u>	<u>\$ 2.75</u>
GAAP net cash provided by operating activities,				
as reported	\$ 255,560	\$ 198,531	\$ 660,188	\$ 948,987
Capital expenditures	(48,770)	(32,951)	(176,586)	(155,980)
Restructuring payments	13,972	28,623	74,718	107,002
Pension contribution	-	-	95,000	123,000
Tax payments on sale of leveraged lease assets	14,879	-	114,128	-
Reserve account deposits	17,009	49,882	1,636	35,354
Free cash flow, as adjusted	<u>\$ 252,650</u>	<u>\$ 244,085</u>	<u>\$ 769,084</u>	<u>\$ 1,058,363</u>

NOTE:

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

The above table includes an adjustment to GAAP net cash provided by operating activities due to a reclassification between net cash provided by operating activities and net cash used in investing activities. As a result, GAAP net cash provided by operating activities increased by \$28.8 million for the year ended December 31, 2011, and decreased by \$35.0 million for the nine months ended September 30, 2012.

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,	
	2012	2011	2012	2011
GAAP income from continuing operations				
after income taxes, as reported	\$ 98,950	\$ 50,575	\$ 435,932	\$ 400,556
Restructuring charges and asset impairments	15,096	62,571	15,407	97,660
Goodwill impairment	-	82,890	-	82,890
Sale of leveraged lease assets	-	-	(12,886)	(26,689)
Tax adjustments	-	579	-	3,539
Income from continuing operations				
after income taxes, as adjusted	114,046	196,615	438,453	557,956
Provision for income taxes, as adjusted	51,418	(9,623)	174,718	138,539
Preferred stock dividends of subsidiaries				
attributable to noncontrolling interests	4,594	4,594	18,376	18,375
Income from continuing operations, as adjusted	170,058	191,586	631,547	714,870
Interest expense, net	45,533	49,047	188,386	197,266
Adjusted EBIT	215,591	240,633	819,933	912,136
Depreciation and amortization	64,049	67,141	255,556	272,142
Adjusted EBITDA	\$ 279,640	\$ 307,774	\$ 1,075,489	\$ 1,184,278