

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited)

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

	Three months ended March 31,	
	2015	2014
Revenue:		
Equipment sales	\$ 165,964	\$ 189,056
Supplies	73,368	79,517
Software	86,357	91,555
Rentals	113,997	123,579
Financing	105,630	110,050
Support services	139,558	158,252
Business services	205,807	185,488
Total revenue	<u>890,681</u>	<u>937,497</u>
Costs and expenses:		
Cost of equipment sales	75,013	82,534
Cost of supplies	22,659	24,154
Cost of software	29,864	30,164
Cost of rentals	20,701	25,444
Financing interest expense	18,770	19,653
Cost of support services	83,599	98,981
Cost of business services	139,919	128,936
Selling, general and administrative	314,529	351,375
Research and development	26,048	26,192
Restructuring charges, net	(81)	9,841
Interest expense, net	24,064	24,064
Other expense	-	61,657
Total costs and expenses	<u>755,085</u>	<u>882,995</u>
Income from continuing operations before income taxes	135,596	54,502
Provision for income taxes	50,547	8,036
Income from continuing operations	85,049	46,466
Income from discontinued operations, net of tax	157	2,801
Net income before attribution of noncontrolling interests	85,206	49,267
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,594
Net income - Pitney Bowes Inc.	<u>\$ 80,612</u>	<u>\$ 44,673</u>
Amounts attributable to common stockholders:		
Income from continuing operations	\$ 80,455	\$ 41,872
Income from discontinued operations	157	2,801
Net income - Pitney Bowes Inc.	<u>\$ 80,612</u>	<u>\$ 44,673</u>
Basic earnings per share attributable to common stockholders ⁽¹⁾ :		
Continuing operations	0.40	0.21
Discontinued operations	-	0.01
Net income - Pitney Bowes Inc.	<u>\$ 0.40</u>	<u>\$ 0.22</u>
Diluted earnings per share attributable to common stockholders ⁽¹⁾ :		
Continuing operations	0.40	0.21
Discontinued operations	-	0.01
Net income - Pitney Bowes Inc.	<u>\$ 0.40</u>	<u>\$ 0.22</u>
Weighted-average shares used in diluted EPS	<u>202,679,433</u>	<u>203,885,840</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)

<u>Assets</u>	March 31, 2015	December 31, 2014
Current assets:		
Cash and cash equivalents	\$ 871,687	\$ 1,079,145
Short-term investments	41,741	32,121
Accounts receivable, gross	389,744	424,479
Allowance for doubtful accounts receivable	(10,166)	(10,742)
Accounts receivable, net	379,578	413,737
Short-term finance receivables	979,495	1,019,412
Allowance for credit losses	(17,422)	(19,108)
Short-term finance receivables, net	962,073	1,000,304
Inventories	95,029	84,827
Current income taxes	36,743	40,542
Other current assets and prepayments	67,881	57,173
Assets held for sale	43,750	52,271
Total current assets	2,498,482	2,760,120
Property, plant and equipment, net	288,680	285,091
Rental property and equipment, net	193,369	200,380
Long-term finance receivables	782,702	828,723
Allowance for credit losses	(7,479)	(9,002)
Long-term finance receivables, net	775,223	819,721
Goodwill	1,635,171	1,672,721
Intangible assets, net	72,172	82,173
Non-current income taxes	85,259	96,377
Other assets	561,087	569,110
Total assets	\$ 6,109,443	\$ 6,485,693
<u>Liabilities, noncontrolling interests and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,354,876	\$ 1,558,731
Current income taxes	102,347	90,167
Current portion of long-term obligations	520,914	324,879
Advance billings	409,381	386,846
Total current liabilities	2,387,518	2,360,623
Deferred taxes on income	66,775	64,839
Tax uncertainties and other income tax liabilities	88,381	86,127
Long-term debt	2,554,317	2,927,127
Other non-current liabilities	661,147	673,348
Total liabilities	5,758,138	6,112,064
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	543	548
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	152,869	178,852
Retained earnings	4,940,505	4,897,708
Accumulated other comprehensive loss	(908,647)	(846,156)
Treasury stock, at cost	(4,453,674)	(4,477,032)
Total Pitney Bowes Inc. stockholders' equity	54,935	77,259
Total liabilities, noncontrolling interests and stockholders' equity	\$ 6,109,443	\$ 6,485,693

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
March 31, 2015
(Unaudited)

(Dollars in thousands)

	Three Months Ended March 31,		
	2015	2014	% Change
<u>Revenue</u>			
North America Mailing	\$ 361,874	\$ 381,027	(5%)
International Mailing	116,173	153,268	(24%)
Small & Medium Business Solutions	<u>478,047</u>	<u>534,295</u>	(11%)
Production Mail	99,503	105,216	(5%)
Presort Services	121,531	116,491	4%
Enterprise Business Solutions	<u>221,034</u>	<u>221,707</u>	-
Digital Commerce Solutions	<u>191,600</u>	<u>181,495</u>	6%
Total revenue	<u>\$ 890,681</u>	<u>\$ 937,497</u>	(5%)
<u>EBIT (1)</u>			
North America Mailing	\$ 163,665	\$ 160,338	2%
International Mailing	11,724	24,819	(53%)
Small & Medium Business Solutions	<u>175,389</u>	<u>185,157</u>	(5%)
Production Mail	9,032	7,737	17%
Presort Services	27,494	23,896	15%
Enterprise Business Solutions	<u>36,526</u>	<u>31,633</u>	15%
Digital Commerce Solutions	<u>15,895</u>	<u>9,531</u>	67%
Total EBIT	<u>\$ 227,810</u>	<u>\$ 226,321</u>	1%
Unallocated amounts:			
Interest, net (2)	(42,834)	(43,717)	
Corporate and other expenses	(49,461)	(56,604)	
Restructuring charges, net	81	(9,841)	
Other expense, net	<u>-</u>	<u>(61,657)</u>	
Income from continuing operations before income taxes	<u>\$ 135,596</u>	<u>\$ 54,502</u>	

(1) Earnings before interest and taxes (EBIT) excludes general corporate expenses and restructuring charges, net.

(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)

	Three Months Ended March 31,	
	2015	2014
GAAP income from continuing operations after income taxes, as reported	\$ 80,455	\$ 41,872
Restructuring charges, net	(53)	6,681
Extinguishment of debt	-	37,833
Income from continuing operations after income taxes, as adjusted	<u>\$ 80,402</u>	<u>\$ 86,386</u>
GAAP diluted earnings per share from continuing operations, as reported	\$ 0.40	\$ 0.21
Restructuring charges, net	-	0.03
Extinguishment of debt	-	0.19
Diluted earnings per share from continuing operations, as adjusted	<u>\$ 0.40</u>	<u>\$ 0.42</u>
GAAP net cash provided by operating activities, as reported	\$ 103,887	\$ 105,616
Capital expenditures	(43,908)	(30,143)
Restructuring payments	21,874	18,937
Payments related to investment divestiture	23,160	-
Reserve account deposits	(20,077)	(15,159)
Extinguishment of debt	-	58,357
Free cash flow, as adjusted	<u>\$ 84,936</u>	<u>\$ 137,608</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 March 31,	
	2015	2014
GAAP income from continuing operations after income taxes, as reported	\$ 80,455	\$ 41,872
Restructuring charges, net	(53)	6,681
Extinguishment of debt	-	37,833
<hr/> Income from continuing operations after income taxes, as adjusted	<hr/> 80,402	<hr/> 86,386
Provision for income taxes, as adjusted	50,519	35,020
Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,594
<hr/> Income from continuing operations before income taxes, as adjusted	<hr/> 135,515	<hr/> 126,000
Interest, net	42,834	43,717
Adjusted EBIT	178,349	169,717
Depreciation and amortization	42,496	43,741
Adjusted EBITDA	\$ 220,845	\$ 213,458