

**Pitney Bowes Inc.**  
**Consolidated Statements of Income**  
(Unaudited)

(Dollars in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Revenue:				
Equipment sales	\$ 191,518	\$ 225,224	\$ 380,574	\$ 421,991
Supplies	76,284	71,275	155,801	144,493
Software	109,065	100,482	200,620	187,494
Rentals	122,443	129,404	246,022	258,518
Financing	107,644	112,820	217,694	226,707
Support services	158,190	160,303	316,442	322,892
Business services	193,306	151,154	378,794	297,930
Total revenue	<u>958,450</u>	<u>950,662</u>	<u>1,895,947</u>	<u>1,860,025</u>
Costs and expenses:				
Cost of equipment sales	88,818	112,079	171,352	206,622
Cost of supplies	23,505	22,246	47,659	45,092
Cost of software	33,484	25,604	63,648	50,395
Cost of rentals	25,193	25,114	50,637	51,512
Financing interest expense	20,413	18,951	40,066	37,970
Cost of support services	96,722	99,337	195,703	201,866
Cost of business services	135,024	108,168	263,960	210,523
Selling, general and administrative	338,384	353,923	689,759	705,577
Research and development	28,649	27,331	54,841	56,582
Restructuring charges	8,299	19,031	18,140	19,031
Other interest expense	22,714	31,347	47,631	62,086
Interest income	(1,232)	(1,302)	(2,085)	(3,050)
Other expense, net	-	-	61,657	25,121
Total costs and expenses	<u>819,973</u>	<u>841,829</u>	<u>1,702,968</u>	<u>1,669,327</u>
Income from continuing operations before income taxes	138,477	108,833	192,979	190,698
Provision for income taxes	<u>46,335</u>	<u>24,218</u>	<u>54,371</u>	<u>42,013</u>
Income from continuing operations	92,142	84,615	138,608	148,685
Income (loss) from discontinued operations, net of tax	<u>6,717</u>	<u>(89,254)</u>	<u>9,518</u>	<u>(81,224)</u>
Net income (loss) before attribution of noncontrolling interests	98,859	(4,639)	148,126	67,461
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	<u>4,594</u>	<u>4,594</u>	<u>9,188</u>	<u>9,188</u>
Net income (loss) - Pitney Bowes Inc.	<u>\$ 94,265</u>	<u>\$ (9,233)</u>	<u>\$ 138,938</u>	<u>\$ 58,273</u>
Amounts attributable to common stockholders:				
Income from continuing operations	\$ 87,548	\$ 80,021	\$ 129,420	\$ 139,497
Income (loss) from discontinued operations	<u>6,717</u>	<u>(89,254)</u>	<u>9,518</u>	<u>(81,224)</u>
Net income (loss) - Pitney Bowes Inc.	<u>\$ 94,265</u>	<u>\$ (9,233)</u>	<u>\$ 138,938</u>	<u>\$ 58,273</u>
Basic earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	0.43	0.40	0.64	0.69
Discontinued operations	<u>0.03</u>	<u>(0.44)</u>	<u>0.05</u>	<u>(0.40)</u>
Net income (loss) - Pitney Bowes Inc.	<u>\$ 0.47</u>	<u>\$ (0.05)</u>	<u>\$ 0.69</u>	<u>\$ 0.29</u>
Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	0.43	0.39	0.63	0.69
Discontinued operations	<u>0.03</u>	<u>(0.44)</u>	<u>0.05</u>	<u>(0.40)</u>
Net income (loss) - Pitney Bowes Inc.	<u>\$ 0.46</u>	<u>\$ (0.05)</u>	<u>\$ 0.68</u>	<u>\$ 0.29</u>

<sup>(1)</sup> 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>	June 30, 2014	December 31, 2013 (1)
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,005,901	\$ 907,806
Short-term investments	23,976	31,128
Accounts receivable, gross	423,103	482,949
Allowance for doubtful accounts receivable	(13,589)	(13,149)
Accounts receivable, net	409,514	469,800
Finance receivables	1,071,415	1,127,261
Allowance for credit losses	(22,852)	(24,340)
Finance receivables, net	1,048,563	1,102,921
Inventories	101,252	103,580
Current income taxes	31,580	28,934
Other current assets and prepayments	125,540	147,067
Assets held for sale	46,976	46,976
Total current assets	2,793,302	2,838,212
Property, plant and equipment, net	242,742	245,171
Rental property and equipment, net	215,793	226,146
Finance receivables	885,818	974,972
Allowance for credit losses	(10,819)	(12,609)
Finance receivables, net	874,999	962,363
Investment in leveraged leases	33,431	34,410
Goodwill	1,728,385	1,734,871
Intangible assets, net	102,760	120,387
Non-current income taxes	66,598	73,751
Other assets	538,073	537,397
Total assets	<u>\$ 6,596,083</u>	<u>\$ 6,772,708</u>
<b><u>Liabilities, noncontrolling interests and stockholders' equity</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,504,887	\$ 1,644,582
Current income taxes	191,687	157,340
Notes payable and current portion of long-term obligations	274,879	-
Advance billings	439,038	425,833
Total current liabilities	2,410,491	2,227,755
Deferred taxes on income	39,509	39,701
Tax uncertainties and other income tax liabilities	166,920	190,645
Long-term debt	2,964,843	3,346,295
Other non-current liabilities	436,194	466,766
Total liabilities	6,017,957	6,271,162
Noncontrolling interests (Preferred stockholders' equity in subsidiaries)	296,370	296,370
<b>Stockholders' equity:</b>		
Cumulative preferred stock, \$50 par value, 4% convertible	1	4
Cumulative preference stock, no par value, \$2.12 convertible	563	591
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	172,565	196,977
Retained Earnings	4,778,506	4,715,564
Accumulated other comprehensive loss	(559,351)	(574,556)
Treasury Stock, at cost	(4,433,866)	(4,456,742)
Total Pitney Bowes Inc. stockholders' equity	281,756	205,176
Total liabilities, noncontrolling interests and stockholders' equity	<u>\$ 6,596,083</u>	<u>\$ 6,772,708</u>

(1) Certain prior year amounts have been revised.

**Pitney Bowes Inc.**  
**Revenue and EBIT**  
**Business Segments**  
**June 30, 2014**  
(Unaudited)

(Dollars in thousands)

	<b>Three Months Ended June 30,</b>		
	<b>2014</b>	<b>2013</b>	<b>% Change</b>
<b><u>Revenue</u></b>			
North America Mailing	\$ 371,194	392,197	(5%)
International Mailing	153,260	150,357	2%
Small & Medium Business Solutions	<u>524,454</u>	<u>542,554</u>	(3%)
Production Mail	111,756	134,422	(17%)
Presort Services	111,281	106,961	4%
Enterprise Business Solutions	<u>223,037</u>	<u>241,383</u>	(8%)
Digital Commerce Solutions	<u>210,959</u>	<u>166,725</u>	27%
<b>Total revenue</b>	<b><u>\$ 958,450</u></b>	<b><u>\$ 950,662</u></b>	1%
<b><u>EBIT (1)</u></b>			
North America Mailing	\$ 156,781	\$ 157,518	-
International Mailing	26,449	20,075	32%
Small & Medium Business Solutions	<u>183,230</u>	<u>177,593</u>	3%
Production Mail	10,558	15,787	(33%)
Presort Services	22,412	21,246	5%
Enterprise Business Solutions	<u>32,970</u>	<u>37,033</u>	(11%)
Digital Commerce Solutions	<u>17,929</u>	<u>15,363</u>	17%
<b>Total EBIT</b>	<b><u>\$ 234,129</u></b>	<b><u>\$ 229,989</u></b>	2%
Unallocated amounts:			
Interest, net (2)	(41,895)	(48,996)	
Corporate and other expenses	(45,458)	(53,129)	
Restructuring charges	<u>(8,299)</u>	<u>(19,031)</u>	
<b>Income from continuing operations before income taxes</b>	<b><u>\$ 138,477</u></b>	<b><u>\$ 108,833</u></b>	

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

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

**Pitney Bowes Inc.**  
**Revenue and EBIT**  
**Business Segments**  
**June 30, 2014**  
(Unaudited)

(Dollars in thousands)

	<b>Six Months Ended June 30,</b>		
	<b>2014</b>	<b>2013</b>	<b>% Change</b>
<b><u>Revenue</u></b>			
North America Mailing	\$ 752,221	781,033	(4%)
International Mailing	306,528	303,333	1%
Small & Medium Business Solutions	<u>1,058,749</u>	<u>1,084,366</u>	(2%)
Production Mail	216,972	243,875	(11%)
Presort Services	<u>227,772</u>	<u>217,861</u>	5%
Enterprise Business Solutions	<u>444,744</u>	<u>461,736</u>	(4%)
Digital Commerce Solutions	<u>392,454</u>	<u>313,923</u>	25%
<b>Total Revenue</b>	<b><u>\$ 1,895,947</u></b>	<b><u>\$ 1,860,025</u></b>	2%
<b><u>EBIT (1)</u></b>			
North America Mailing	\$ 317,119	\$ 305,976	4%
International Mailing	51,268	37,465	37%
Small & Medium Business Solutions	<u>368,387</u>	<u>343,441</u>	7%
Production Mail	18,295	23,619	(23%)
Presort Services	<u>46,308</u>	<u>44,734</u>	4%
Enterprise Business Solutions	<u>64,603</u>	<u>68,353</u>	(5%)
Digital Commerce Solutions	<u>27,460</u>	<u>15,084</u>	82%
<b>Total EBIT</b>	<b><u>\$ 460,450</u></b>	<b><u>\$ 426,878</u></b>	8%
Unallocated amounts:			
Interest, net (2)	(85,612)	(97,006)	
Corporate and other expenses	(102,062)	(95,022)	
Restructuring charges	(18,140)	(19,031)	
Other expense, net	<u>(61,657)</u>	<u>(25,121)</u>	
<b>Income from continuing operations before income taxes</b>	<b><u>\$ 192,979</u></b>	<b><u>\$ 190,698</u></b>	

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

(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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
GAAP income from continuing operations after income taxes, as reported	\$ 87,548	\$ 80,021	\$ 129,420	\$ 139,497
Restructuring charges	5,577	13,126	12,258	13,126
Extinguishment of debt	-	-	37,833	15,325
Income from continuing operations after income taxes, as adjusted	<u>\$ 93,125</u>	<u>\$ 93,147</u>	<u>\$ 179,511</u>	<u>\$ 167,948</u>
GAAP diluted earnings per share from continuing operations, as reported	\$ 0.43	\$ 0.39	\$ 0.63	\$ 0.69
Restructuring charges	0.03	0.06	0.06	0.06
Extinguishment of debt	-	-	0.19	0.08
Diluted earnings per share from continuing operations, as adjusted	<u>\$ 0.46</u>	<u>\$ 0.46</u>	<u>\$ 0.88</u>	<u>\$ 0.83</u>
GAAP net cash provided by operating activities, as reported	\$ 174,831	\$ 146,875	\$ 280,447	\$ 279,035
Capital expenditures	(42,207)	(34,602)	(72,350)	(73,441)
Restructuring payments	14,593	10,980	33,530	27,255
Reserve account deposits	11,803	1,138	(3,356)	(26,189)
Extinguishment of debt	3,300	-	61,657	25,121
Free cash flow, as adjusted	<u>\$ 162,320</u>	<u>\$ 124,391</u>	<u>\$ 299,928</u>	<u>\$ 231,781</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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
GAAP income from continuing operations				
after income taxes, as reported	\$ 87,548	\$ 80,021	\$ 129,420	\$ 139,497
Restructuring charges	5,577	13,126	12,258	13,126
Extinguishment of debt	-	-	37,833	15,325
Income from continuing operations				
after income taxes, as adjusted	93,125	93,147	179,511	167,948
Provision for income taxes, as adjusted	49,057	30,123	84,077	57,715
Preferred stock dividends of subsidiaries				
attributable to noncontrolling interests	4,594	4,594	9,188	9,188
Income from continuing operations before income taxes, as adjusted	146,776	127,864	272,776	234,851
Interest, net	41,895	48,996	85,612	97,006
<b>Adjusted EBIT from continuing operations</b>	<b>188,671</b>	<b>176,860</b>	<b>358,388</b>	<b>331,857</b>
Depreciation and amortization	49,122	52,667	92,863	103,199
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 237,793</b>	<b>\$ 229,527</b>	<b>\$ 451,251</b>	<b>\$ 435,056</b>