

Fourth Quarter 2013 Earnings **2014 Guidance**

January 30, 2014

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; the implementation of a new enterprise resource planning system; changes in business portfolio; 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 2012 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 2013 Highlights

- Revenue of \$1.0 billion; 2% growth over prior year
 - Digital Commerce Solutions revenue growth of 17% on a reported basis; 18% on a constant currency basis
 - Enterprise Solutions revenue growth of 3%
 - SMB Solutions revenue decline of 3% on a reported basis; 2% on a constant currency basis
- Adjusted EPS of \$0.53, includes \$0.04 per share tax benefit
- GAAP EPS from continuing operations of \$0.39
- GAAP EPS of \$0.44
- Free cash flow of \$195 million
- GAAP cash from operations of \$131 million

Full Year 2013 Highlights

- Revenue of \$3.9 billion; 1% decline from prior year
- Adjusted EPS of \$1.88, includes \$0.15 per share of tax benefits
- GAAP EPS from continuing operations of \$1.49
- GAAP EPS of \$0.70
- Free cash flow of \$635 million
- GAAP cash from operations of \$625 million

**Full year 2013 financial results are in-line
with the Company's guidance**

Financial Highlights¹

Earnings Per Share Reconciliation*	Q4 2013	Q4 2012	FY 2013	FY 2012
Adjusted EPS from continuing operations before 2012 net tax benefit	\$0.53	\$0.49	\$1.88	\$1.85
2012 net tax benefit	-	-	-	\$0.11
Adjusted EPS from continuing operations	\$0.53	\$0.49	\$1.88	\$1.96
Restructuring charges and asset impairments	(\$0.11)	(\$0.06)	(\$0.29)	(\$0.06)
Extinguishment of debt	(\$0.02)	-	(\$0.10)	-
Sale of leveraged lease assets	-	-	-	\$0.06
GAAP EPS from continuing operations	\$0.39	\$0.43	\$1.49	\$1.96
Discontinued operations – income (loss)	\$0.05	\$0.12	(\$0.78)	\$0.25
GAAP EPS	\$0.44	\$0.55	\$0.70	\$2.21

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

Financial Highlights¹

	Q4 2013	Full Year 2013
Revenue (\$ billion)	\$1.0	\$3.9
Revenue YOY Change %	+2%	-1%
Adjusted EPS from continuing operations	\$0.53	\$1.88
GAAP EPS	\$0.44	\$0.70
Adjusted EBIT (\$ millions) ¹	\$195	\$711
Adjusted EBIT Margin	18.9%	18.4%
Adjusted EBITDA (\$ millions) ¹	\$239	\$922
SG&A (\$ millions)	\$365	\$1,432
SG&A: Revenue %	35.4%	37.0%
Free Cash Flow (\$ millions) ¹	\$195	\$635
Cash from Operations	\$131	\$625

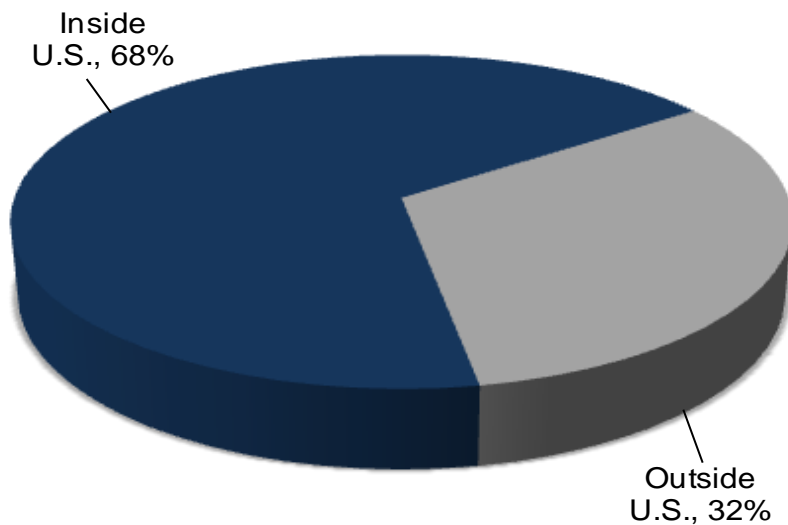
¹ Reconciliation schedules of GAAP to Non-GAAP measures can be found in the appendix of this presentation

Pitney Bowes Inc – Q4 2013 Results

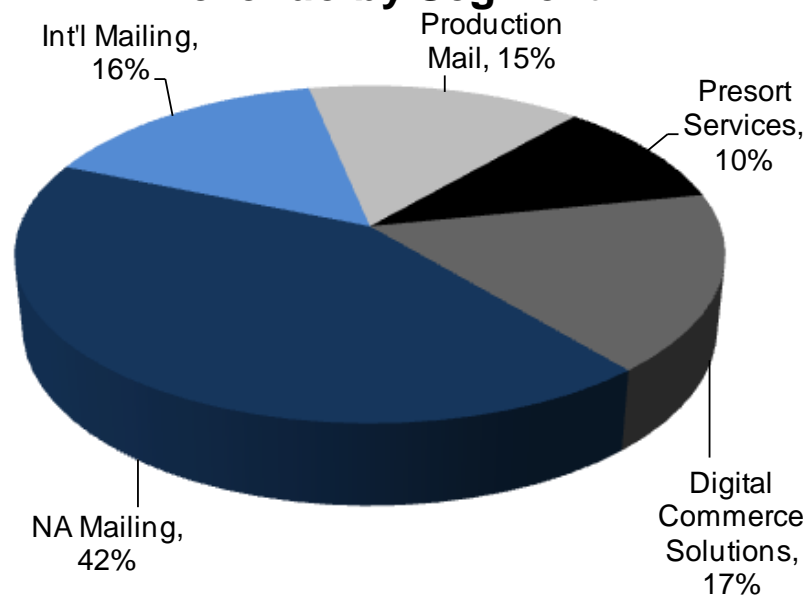
(\$ millions)

Total PBI	Q4 2013	YOY Change	Change Ex-Currency
Revenue	\$1,031	2%	2%
Adjusted EBIT ¹	\$195	3%	

Revenue by Geography



Revenue by Segment



¹ Reconciliation schedules of GAAP to Non-GAAP measures can be found in the appendix of this presentation

Business Segment Reporting

The Company's business segment reporting reflects the clients served in each market and the way it manages these segments for growth and profitability. The reporting segment groups are: Small & Medium Business (SMB) Solutions group; Enterprise Business Solutions group; and the Digital Commerce Solutions segment.

The Small and Medium Business (SMB) Solutions group offers mailing equipment, financing, services and supplies for small and medium businesses to efficiently create mail and evidence postage. This group includes the North America Mailing and International Mailing segments. North America Mailing includes the operations of U.S. and Canada Mailing. International Mailing includes all other SMB operations around the world.

The Enterprise Business Solutions group provides mailing equipment and services for large enterprise clients to process mail, including sortation services to qualify large mail volumes for postal worksharing discounts. This group includes the global Production Mail and Presort Services segments.

The Digital Commerce Solutions segment leverages digital and mobile channels that make the Company's clients' customer-facing functions more effective. This segment includes software, marketing services, Volly™ and ecommerce solutions.

Business Results - Q4 2013

(\$ millions)

SMB Solutions Group	Q4 2013	YOY Change	Change Ex-Currency
Revenue	\$597	(3%)	(2%)
EBIT	\$206	4%	

Small and Medium Business (SMB) Solutions Group comprised of:

- North America Mailing
- International Mailing

58% of Total PBI Revenue – Q4 2013

Business Results - Q4 2013

(\$ millions)

North America Mailing	Q4 2013	YOY Change	Change Ex-Currency
Revenue	\$437	(4%)	(4%)
EBIT	\$187	8%	

- U.S. equipment sales revenue grew 2% versus the prior year, in part benefiting from the new go-to-market strategy
- The U.S. equipment sales growth was offset by lower, non-mail equipment sales of multi-functional devices in Canada
- Recurring revenue streams declined at a lesser rate than prior year
- EBIT margin increased versus prior year as a result of improved gross margins and ongoing cost reduction initiatives

International Mailing	Q4 2013	YOY Change	Change Ex-Currency
Revenue	\$159	1%	1%
EBIT	\$19	(24%)	

- Revenue benefited from growth in equipment sales and recurring revenue streams as the international markets continued to experience improving meter trends
- EBIT margin declined versus the prior year due to the mix of products sold and higher equipment costs related to currency

Business Results - Q4 2013

(\$ millions)

Enterprise Business Solutions Group	Q4 2013	YOY Change	Change Ex-Currency
Revenue	\$259	3%	3%
EBIT	\$39	(12%)	

Enterprise Solutions Group comprised of:

- Production Mail
- Presort Services

25% of Total PBI Revenue – Q4 2013

Business Results - Q4 2013

(\$ millions)

Production Mail	Q4 2013	YOY Change	Change Ex-Currency
Revenue	\$151	6%	6%
EBIT	\$21	1%	

- Revenue benefited from increased production print installations globally, as well as the installation of sortation equipment in Europe
- Revenue also benefited from ongoing growth in supplies
- EBIT margin was impacted by the proportion of printer sales, which are lower-margin Production Mail products

Presort Services	Q4 2013	YOY Change	Change Ex-Currency
Revenue	\$108	0%	0%
EBIT	\$18	(23%)	

- Revenue was flat to prior year, which was the net result of an increase in new business being offset by a decline in revenue per piece of mail processed
- Also, EBIT margin declined versus the prior year in part due to increased labor costs associated with processing year-end mail volumes

Business Results - Q4 2013

(\$ millions)

Digital Commerce Solutions Group	Q4 2013	YOY Change	Change Ex-Currency
Revenue	\$176	17%	18%
EBIT	\$23	64%	

Digital Commerce Solutions segment comprised of:

- Software solutions, ecommerce, marketing services and Volly™

17% of Total PBI Revenue – Q4 2013

- Revenue benefited from continued strong growth in the Company's ecommerce solutions for cross-border package delivery
- Revenue also benefited from services-related software revenue growth
- EBIT margin increased as a result of operating leverage related to the scaling of the ecommerce business, which was partially offset by the continued investment in infrastructure and software development
- EBIT margin also benefited from the lower net investment in Volly this quarter versus prior year

2014 Guidance - Assumptions

The Company expects to further align its business performance in 2014 with the strategy that was outlined at its 2013 Analyst Day. Guidance is based on the expectation that there will be no significant changes in the economic or postal environments in 2014 versus 2013.

For 2014, the Company expects:

- Revenue growth improvement in Digital Commerce Solutions, benefiting from the continued growth in ecommerce and growth in software solutions;
- Flat to modest revenue growth in Enterprise Business Solutions against a strong 2013 Production Mail comparable;
- Continued moderation in the revenue decline in SMB Solutions as a result of improving trends in equipment sales and recurring revenue streams;
- Ongoing reductions in SG&A costs, which are expected to more than offset incremental expenses associated with the investment and implementation of a new Enterprise Resource Planning (ERP) system;
- A tax rate in the range of 29 to 31 percent as a result of the Company's changed business portfolio and business mix.

2014 Guidance – Assumptions (Cont'd)

The Company expects free cash flow in 2014 to be lower than 2013 primarily due to:

- Less cash from operations as a result of the sale of the Management Services business;
- Further stabilization of finance receivables;
- Incremental capital investment related to a new ERP system.

Guidance excludes any unusual items that may occur during the year or additional restructuring actions as the Company implements plans to further streamline its operations and reduce costs.

2014 Guidance

Based on the assumptions previously outlined, 2014 guidance is as follows:

	2013 Actual	2014 Guidance
Revenue – Constant Currency (Change vs. prior year)	-1%	-1% to +2%
GAAP EPS from continuing operations	\$1.49	\$1.75 to \$1.90
Adjusted EPS from continuing operations ¹	\$1.88	\$1.75 to \$1.90
Free Cash Flow (\$ millions)	\$635	\$475 to \$575

¹ Reconciliation schedules of GAAP to Non-GAAP measures can be found in the appendix of this presentation

Appendix

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,	
	2013	2012	2013	2012
Revenue:				
Equipment sales	\$ 254,322	\$ 251,917	\$ 889,101	\$ 870,537
Supplies	73,554	69,794	289,808	283,459
Software	113,006	110,385	398,664	412,762
Rentals	130,418	136,685	522,008	551,607
Financing	114,140	121,435	460,786	495,130
Support services	172,516	177,967	677,742	707,582
Business services	173,231	147,333	631,292	593,987
Total revenue	1,031,187	1,015,516	3,869,401	3,915,064
Costs and expenses:				
Cost of equipment sales	131,213	123,599	439,205	402,056
Cost of supplies	23,361	22,141	91,155	87,564
Cost of software	30,560	30,365	110,653	115,388
Cost of rentals	25,672	28,098	105,463	115,356
Financing interest expense	21,117	19,755	81,096	81,140
Cost of support services	104,381	105,765	419,656	440,039
Cost of business services	126,962	97,606	449,932	396,295
Selling, general and administrative	365,007	391,960	1,432,401	1,503,104
Research and development	29,061	26,440	110,412	114,250
Restructuring charges and asset impairments	30,404	18,156	84,344	17,176
Other interest expense	25,146	27,967	114,740	115,228
Interest income	(965)	(2,189)	(5,472)	(7,982)
Other expense, net	7,518	-	32,639	1,138
Total costs and expenses	919,437	889,663	3,466,224	3,380,752
Income from continuing operations before income taxes	111,750	125,853	403,177	534,312
Provision for income taxes	27,539	35,144	83,069	120,252
Income from continuing operations	84,211	90,709	320,108	414,060
Income (loss) from discontinued operations, net of tax	10,471	24,222	(158,898)	49,479
Net income before attribution of noncontrolling interests	94,682	114,931	161,210	463,539
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,593	4,594	18,375	18,376
Net income - Pitney Bowes Inc.	\$ 90,089	\$ 110,337	\$ 142,835	\$ 445,163
Amounts attributable to common stockholders:				
Income from continuing operations	\$ 79,618	\$ 86,115	\$ 301,733	\$ 395,684
Income (loss) from discontinued operations	10,471	24,222	(158,898)	49,479
Net income - Pitney Bowes Inc.	\$ 90,089	\$ 110,337	\$ 142,835	\$ 445,163
Basic earnings per share attributable to common stockholders ⁽¹⁾:				
Continuing operations	0.39	0.43	1.50	1.97
Discontinued operations	0.05	0.12	(0.79)	0.25
Net income - Pitney Bowes Inc.	\$ 0.45	\$ 0.55	\$ 0.71	\$ 2.22
Diluted earnings per share attributable to common stockholders ⁽¹⁾:				
Continuing operations	0.39	0.43	1.49	1.96
Discontinued operations	0.05	0.12	(0.78)	0.25
Net income - Pitney Bowes Inc.	\$ 0.44	\$ 0.55	\$ 0.70	\$ 2.21

(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)

	December 31, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 907,806	\$ 913,276
Short-term investments	26,683	36,611
Accounts receivable, gross	482,949	748,469
Allowance for doubtful accounts receivable	(13,149)	(20,219)
Accounts receivable, net	469,800	728,250
Finance receivables	1,127,261	1,213,776
Allowance for credit losses	(24,340)	(25,484)
Finance receivables, net	1,102,921	1,188,292
Inventories	103,580	179,678
Current income taxes	28,934	51,836
Other current assets and prepayments	149,490	114,184
Assets held for sale	46,976	-
Total current assets	2,836,190	3,212,127
Property, plant and equipment, net	245,171	385,377
Rental property and equipment, net	226,146	241,192
Finance receivables	974,972	1,041,099
Allowance for credit losses	(12,609)	(14,610)
Finance receivables, net	962,363	1,026,489
Investment in leveraged leases	34,410	34,546
Goodwill	1,734,871	2,136,138
Intangible assets, net	120,387	166,214
Non-current income taxes	73,751	94,434
Other assets	534,975	563,374
Total assets	\$ 6,768,264	\$ 7,859,891
Liabilities, noncontrolling interests and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,640,138	\$ 1,809,226
Current income taxes	157,340	240,681
Notes payable and current portion of long-term obligations	-	375,000
Advance billings	425,833	452,130
Total current liabilities	2,223,311	2,877,037
Deferred taxes on income	60,667	69,222
Tax uncertainties and other income tax liabilities	186,452	145,881
Long-term debt	3,346,295	3,642,375
Other non-current liabilities	466,766	718,375
Total liabilities	6,283,491	7,452,890
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	591	648
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	196,977	223,847
Retained Earnings	4,698,791	4,744,802
Accumulated other comprehensive loss	(574,556)	(681,213)
Treasury Stock, at cost	(4,456,742)	(4,500,795)
Total Pitney Bowes Inc. stockholders' equity	188,403	110,631
Total liabilities, noncontrolling interests and stockholders' equity	\$ 6,768,264	\$ 7,859,891

Pitney Bowes Inc.
Revenue and EBIT
Business Segments
December 31, 2013
(Unaudited)

(Dollars in thousands)

	Three Months Ended December 31,		
	2013	2012	% Change
<u>Revenue</u>			
North America Mailing	\$ 437,219	456,243	(4%)
International Mailing	<u>159,472</u>	<u>158,061</u>	1%
Small & Medium Business Solutions	<u>596,691</u>	<u>614,304</u>	(3%)
Production Mail	151,192	143,136	6%
Presort Services	<u>107,515</u>	<u>107,403</u>	0%
Enterprise Business Solutions	<u>258,707</u>	<u>250,539</u>	3%
Digital Commerce Solutions	<u>175,789</u>	<u>150,673</u>	17%
Total revenue	<u>\$ 1,031,187</u>	<u>\$ 1,015,516</u>	2%
<u>EBIT (1)</u>			
North America Mailing	\$ 187,088	\$ 173,690	8%
International Mailing	<u>18,535</u>	<u>24,469</u>	(24%)
Small & Medium Business Solutions	<u>205,623</u>	<u>198,159</u>	4%
Production Mail	20,761	20,542	1%
Presort Services	<u>18,127</u>	<u>23,442</u>	(23%)
Enterprise Business Solutions	<u>38,888</u>	<u>43,984</u>	(12%)
Digital Commerce Solutions	<u>22,703</u>	<u>13,839</u>	64%
Total EBIT	<u>\$ 267,214</u>	<u>\$ 255,982</u>	4%
Unallocated amounts:			
Interest, net (2)	(45,298)	(45,533)	
Corporate and other expenses	(72,244)	(66,440)	
Restructuring and asset impairments	(30,404)	(18,156)	
Other income, net	<u>(7,518)</u>	<u>-</u>	
Income from continuing operations before income taxes	<u>\$ 111,750</u>	<u>\$ 125,853</u>	

(1) Earnings before interest and taxes (EBIT) excludes general corporate expenses, restructuring charges and 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, 2013
(Unaudited)

(Dollars in thousands)

	<u>Twelve Months Ended December 31,</u>		
	<u>2013</u>	<u>2012</u>	<u>% Change</u>
<u>Revenue</u>			
North America Mailing	\$ 1,723,304	1,818,952	(5%)
International Mailing	608,156	607,644	0%
Small & Medium Business Solutions	<u>2,331,460</u>	<u>2,426,596</u>	(4%)
Production Mail	511,544	480,718	6%
Presort Services	<u>430,469</u>	<u>429,804</u>	0%
Enterprise Business Solutions	<u>942,013</u>	<u>910,522</u>	3%
Digital Commerce Solutions	<u>595,928</u>	<u>577,946</u>	3%
Total Revenue	<u>\$ 3,869,401</u>	<u>\$ 3,915,064</u>	(1%)
<u>EBIT (1)</u>			
North America Mailing	\$ 675,389	\$ 688,665	(2%)
International Mailing	<u>71,502</u>	<u>76,139</u>	(6%)
Small & Medium Business Solutions	<u>746,891</u>	<u>764,804</u>	(2%)
Production Mail	55,000	48,981	12%
Presort Services	<u>83,259</u>	<u>106,170</u>	(22%)
Enterprise Business Solutions	<u>138,259</u>	<u>155,151</u>	(11%)
Digital Commerce Solutions	<u>42,837</u>	<u>37,513</u>	14%
Total EBIT	<u>\$ 927,987</u>	<u>\$ 957,468</u>	(3%)
Unallocated amounts:			
Interest, net (2)	(190,364)	(188,387)	
Corporate and other expenses	(217,463)	(216,455)	
Restructuring and asset impairments	(84,344)	(17,176)	
Other income, net	<u>(32,639)</u>	<u>(1,138)</u>	
Income from continuing operations before income taxes	<u>\$ 403,177</u>	<u>\$ 534,312</u>	

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
GAAP income from continuing operations				
after income taxes, as reported	\$ 79,618	\$ 86,115	\$ 301,733	\$ 395,684
Restructuring charges and asset impairments	23,362	12,760	59,024	11,610
Sale of leveraged lease assets	-	-	-	(12,886)
Extinguishment of debt	4,586	-	19,911	-
Income from continuing operations				
after income taxes, as adjusted	<u>\$ 107,566</u>	<u>\$ 98,875</u>	<u>\$ 380,668</u>	<u>\$ 394,408</u>
GAAP diluted earnings per share from				
continuing operations, as reported	\$ 0.39	\$ 0.43	\$ 1.49	\$ 1.96
Restructuring charges and asset impairments	0.11	0.06	0.29	0.06
Sale of leveraged lease	-	-	-	(0.06)
Extinguishment of debt	0.02	-	0.10	-
Diluted earnings per share from continuing				
operations, as adjusted	<u>\$ 0.53</u>	<u>\$ 0.49</u>	<u>\$ 1.88</u>	<u>\$ 1.96</u>
GAAP net cash provided by operating activities,				
as reported	\$ 131,264	\$ 255,560	\$ 624,824	\$ 660,188
Capital expenditures	(34,120)	(48,770)	(137,512)	(176,586)
Restructuring payments	18,167	13,972	59,520	74,718
Pension contribution	-	-	-	95,000
Tax and other payments on sale of				
businesses and leveraged lease assets	75,545	14,879	75,545	114,128
Reserve account deposits	(3,142)	17,009	(20,104)	1,636
Extinguishment of debt	7,518	-	32,639	-
Free cash flow, as adjusted	<u>\$ 195,232</u>	<u>\$ 252,650</u>	<u>\$ 634,912</u>	<u>\$ 769,084</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)

	<u>Three Months Ended December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
GAAP income from continuing operations				
after income taxes, as reported	\$ 79,618	\$ 86,115	\$ 301,733	\$ 395,684
Restructuring charges and asset impairments	23,362	12,760	59,024	11,610
Extinguishment of debt	4,586	-	19,911	-
Sale of leveraged lease assets	-	-	-	(12,886)
<u>Income from continuing operations</u>				
after income taxes, as adjusted	107,566	98,875	380,668	394,408
Provision for income taxes, as adjusted	37,513	40,540	121,118	142,521
Preferred stock dividends of subsidiaries				
attributable to noncontrolling interests	4,593	4,594	18,375	18,376
<u>Income from continuing operations, as adjusted</u>	<u>149,672</u>	<u>144,009</u>	<u>520,161</u>	<u>555,305</u>
Interest expense, net	45,298	45,533	190,364	188,387
Adjusted EBIT	194,970	189,542	710,525	743,692
Depreciation and amortization	43,866	54,179	200,422	218,921
Adjusted EBITDA	\$ 238,836	\$ 243,721	\$ 910,947	\$ 962,613

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