

Third Quarter 2014 Earnings

October 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 2013 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.

Third Quarter 2014 Highlights

Total revenue growth of 2%

26% revenue growth in Digital Commerce Solutions

Adjusted EPS from continuing operations of \$0.51;
GAAP EPS of \$0.65

Increases 2014 guidance for adjusted EPS and
GAAP EPS from continuing operations

Third Quarter 2014 – Financial Highlights

- Revenue of \$942 million
 - Growth of 2% on a reported and constant currency basis

On a reported basis:

- Digital Commerce Solutions revenue growth of 26%
 - Enterprise Solutions revenue growth of 2%
 - SMB Solutions revenue decline of 5%
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- As part of its go-to-market strategy, the Company exited non-core product lines in Norway and transitioned from a direct sales model to a dealer sales network for the International Mailing and Production Mail segments in six smaller European markets.
 - For comparative purposes, total revenue would have grown 3% in the third quarter when the results related to these operations are excluded from the current and prior year.

Third Quarter 2014 – Financial Highlights

- Free cash flow of \$118 million; year-to-date \$418 million
GAAP cash from operations of \$117 million; year-to-date \$397 million
- Company used \$50 million to repurchase shares of its common stock
- Company increases 2014 guidance for adjusted EPS from continuing operations and GAAP EPS from continuing operations; reaffirms revenue growth and free cash flow guidance for the year

Third Quarter 2014 – Financial Highlights

Earnings Per Share Reconciliation ¹	Q3 2014	Q3 2013
Adjusted EPS from continuing operations	\$0.51	\$0.47
Investment divestiture	\$0.05	-
Restructuring charges	(\$0.01)	(\$0.11)
GAAP EPS from continuing operations	\$0.55	\$0.36
Discontinued operations – income (loss)	\$0.10	(\$0.39)
GAAP EPS	\$0.65	(\$0.03)

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

Third Quarter 2014 – Financial Highlights¹

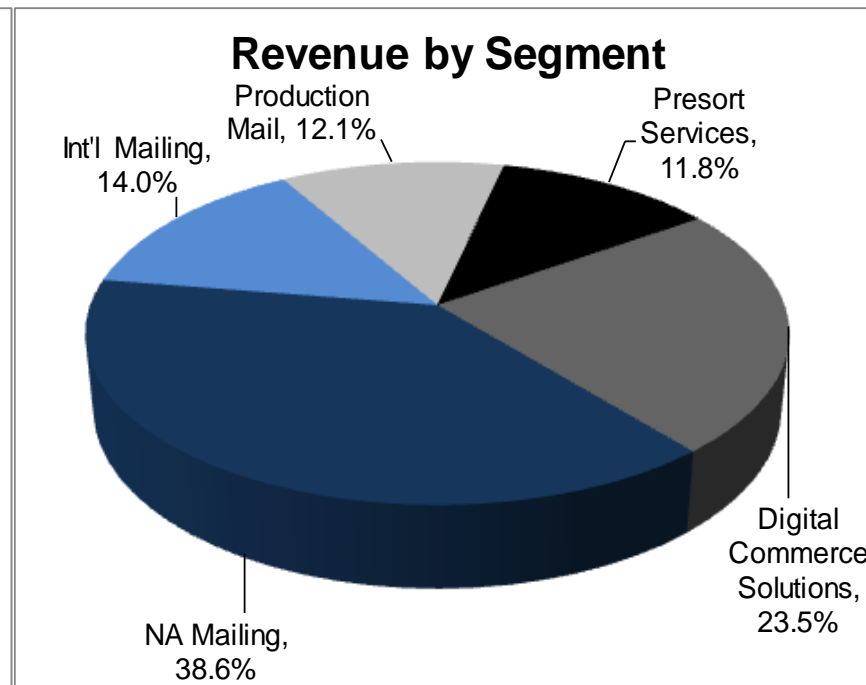
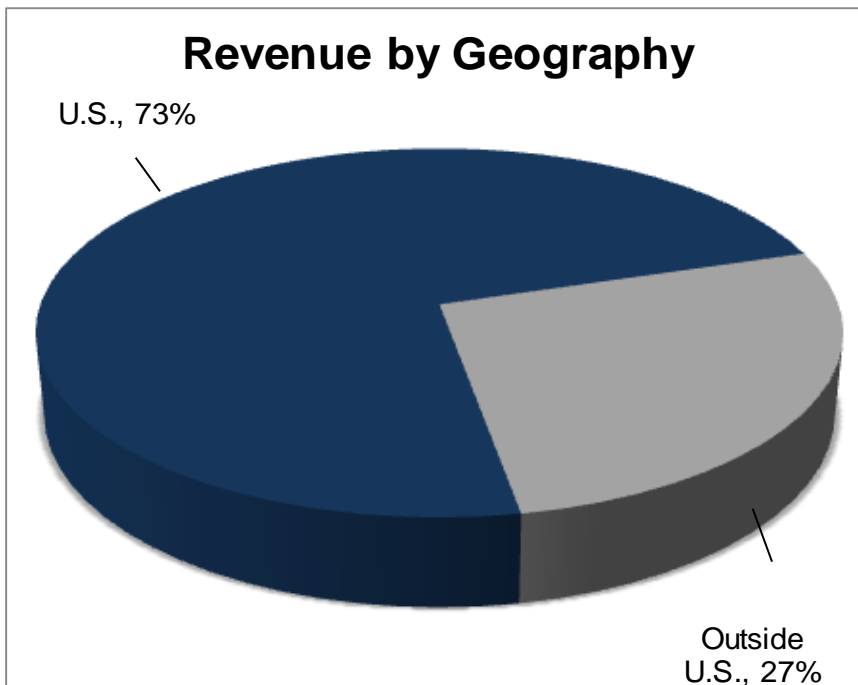
	Q3 2014	Q3 2013
Revenue, as reported (\$ million)	\$942	\$920
Adjusted EPS from continuing operations	\$0.51	\$0.47
GAAP EPS from continuing operations	\$0.55	\$0.36
GAAP EPS	\$0.65	(\$0.03)
Adjusted EBIT (\$ millions) ¹	\$172	\$168
Adjusted EBIT Margin	18.3%	18.3%
Adjusted EBITDA from continuing operations (\$ millions) ¹	\$222	\$219
SG&A (\$ millions)	\$342	\$352
SG&A: Revenue %	36.3%	38.3%
Free Cash Flow (\$ millions) ¹	\$118	\$208
GAAP Cash from Operations	\$117	\$215

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

Pitney Bowes Inc – Q3 2014 Results

(\$ millions)

Total PBI	Q3 2014	YOY Change	Change Ex-Currency
Revenue	\$942	2%	2%
Adjusted EBIT ¹	\$172	2%	



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. 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 ecommerce, software, shipping and marketing services.

Business Results - Q3 2014

(\$ millions)

SMB Solutions Group	Q3 2014	YOY Change	Change Ex-Currency
Revenue ¹	\$496	(5%)	(5%)
EBIT	\$176	1%	

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

- North America Mailing
- International Mailing

53% of Total PBI Revenue – Q3 2014

¹ When revenue in the current and prior year is adjusted for the exit of non-core product lines and channel changes in Europe, revenue for comparative purposes would have declined 4% for SMB Solutions.

Business Results - Q3 2014

(\$ millions)

North America Mailing	Q3 2014	YOY Change	Change Ex-Currency
Revenue	\$363	(5%)	(4%)
EBIT	\$160	1%	

- Recurring revenue streams declined at a lesser rate than prior periods due to sustained growth in supplies revenue and a further moderation in financing and rentals revenue.
- Equipment sales declined as the Company continues to drive productivity improvements in its transition to expanded inside sales and web channels.
- EBIT margin increased due to on-going benefits from the go-to-market implementation and cost reduction initiatives.

International Mailing	Q3 2014	YOY Change	Change Ex-Currency
Revenue	\$132	(6%)	(8%)
EBIT	\$16	3%	

- Results reflect the actions related to the segment's exit of non-core product lines and change in geographic coverage. Excluding the revenue related to these actions in both the current and prior years, revenue on a comparative basis would have declined 2%, which is in line with the Company's stabilization objectives. The Company also continued to shift additional client accounts to inside sales in the major European markets.
- EBIT margin improved due to the changes in go-to-market, including the shift in strategy for smaller markets.

Business Results - Q3 2014

(\$ millions)

Enterprise Business Solutions Group	Q3 2014	YOY Change	Change Ex-Currency
Revenue	\$225	2%	2%
EBIT	\$31	2%	

Enterprise Solutions Group comprised of:

- Production Mail
- Presort Services

24% of Total PBI Revenue – Q3 2014

Business Results - Q3 2014

(\$ millions)

Production Mail	Q3 2014	YOY Change	Change Ex-Currency
Revenue	\$113	(3%)	(2%)
EBIT	\$10	(10%)	

- On a regional basis, revenues were relatively flat in North America and grew in Europe in large measure due to increased production print installations.
- Revenue declined in Asia Pacific due to fewer installations of inserting and production print equipment when compared to prior year.
- EBIT margin was impacted by the lower revenue and the related margin contribution.

Presort Services	Q3 2014	YOY Change	Change Ex-Currency
Revenue	\$111	6%	6%
EBIT	\$22	7%	

- Revenue benefited from improved qualification of mail for presort discounts, in particular in the processing of First Class mail.
- EBIT margin improved due to the revenue growth and on-going operational productivity.

Business Results - Q3 2014

(\$ millions)

Digital Commerce Solutions	Q3 2014	YOY Change	Change Ex-Currency
Revenue	\$221	26%	25%
EBIT	\$25	90%	

Digital Commerce Solutions segment comprised of:

- Ecommerce, Software, Shipping Solutions and Marketing Services

23% of Total PBI Revenue – Q3 2014

- Revenue growth in each of the segment's product categories: ecommerce, software, shipping and marketing services.
- Ecommerce experienced continued growth in the number of orders processed and packages shipped.
- In September, the Company began operations in the UK to enable sellers on eBay to use Pitney Bowes' cross-border ecommerce solution when offering goods from the UK to buyers in about a dozen markets in the European Union.
- Software Solution's double-digit revenue growth included several large licensing deals during the quarter, reflecting in part the investments in channel specialization.
- Shipping Solutions and Marketing Services revenue growth resulted from new client acquisitions for each of their respective offerings.
- EBIT margin reflected the benefit of revenue growth, especially for Software, net of the impact of continued investments in technology and infrastructure.

2014 Guidance

The Company is increasing guidance for adjusted EPS and GAAP EPS from continuing operations. The Company is reaffirming annual guidance for revenue growth¹ and free cash flow.

	2014 Guidance Original	2014 Guidance Q2 Update	2014 Guidance Q3 Update
Revenue Growth Rate – Constant Currency	-1% to +2%	+1% to +3%	+1% to +3%
Adjusted EPS from continuing operations	\$1.75 to \$1.90	\$1.80 to \$1.90	\$1.85 to \$1.92
GAAP EPS from continuing operations	\$1.75 to \$1.90	\$1.55 to \$1.65	\$1.64 to \$1.71
Free Cash Flow (\$ millions)	\$475 to \$575	\$475 to \$575	\$475 to \$575

¹ Due to the exit of non-core product lines in Norway and a shift to an indirect, dealer sales network in six smaller European markets, revenue for the balance of the year is expected to be reduced by about \$12 million.

2014 Guidance Changes

Adjusted earnings per share from continuing operations

- Reflects year-to-date results and anticipated increased investment in ERP development and marketing expense in the fourth quarter.

GAAP earnings per share from continuing operations

- Reflects \$0.05 per share related to the Company's divestiture of an investment; incremental \$0.01 per share charge for restructuring costs in the third quarter, which now total \$0.07 per share year-to-date; and \$0.19 per share of debt extinguishment costs recorded in the first quarter.

Appendix

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited)

(Dollars in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Revenue:				
Equipment sales	\$ 177,458	\$ 197,044	\$ 558,032	\$ 619,035
Supplies	72,548	68,692	228,349	213,185
Software	112,271	98,164	312,891	285,658
Rentals	119,047	125,918	365,069	384,436
Financing	107,835	111,032	325,529	337,739
Support services	154,321	159,508	470,763	482,400
Business services	198,164	160,131	576,958	458,061
Total revenue	<u>941,644</u>	<u>920,489</u>	<u>2,837,591</u>	<u>2,780,514</u>
Costs and expenses:				
Cost of equipment sales	90,984	88,945	262,336	295,567
Cost of supplies	22,470	21,444	70,129	66,536
Cost of software	29,775	29,698	93,423	80,093
Cost of rentals	23,636	24,434	74,273	75,946
Financing interest expense	19,667	19,468	59,733	57,438
Cost of support services	92,500	98,425	288,203	300,291
Cost of business services	142,512	112,447	406,472	322,970
Selling, general and administrative	341,738	352,299	1,031,497	1,057,876
Research and development	26,060	24,769	80,901	81,351
Restructuring charges & asset impairments	4,526	34,909	22,666	53,940
Other interest expense	23,370	27,508	71,001	89,594
Interest income	(1,212)	(1,457)	(3,297)	(4,507)
Other (income) expense, net	(15,919)	-	45,738	25,121
Total costs and expenses	<u>800,107</u>	<u>832,889</u>	<u>2,503,075</u>	<u>2,502,216</u>
Income from continuing operations before income taxes	141,537	87,600	334,516	278,298
Provision for income taxes	25,310	10,032	79,681	52,045
Income from continuing operations	116,227	77,568	254,835	226,253
Income (loss) from discontinued operations, net of tax	20,655	(78,501)	30,173	(159,725)
Net income (loss) before attribution of noncontrolling interests	136,882	(933)	285,008	66,528
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,593	4,594	13,781	13,782
Net income (loss) - Pitney Bowes Inc.	<u>\$ 132,289</u>	<u>\$ (5,527)</u>	<u>\$ 271,227</u>	<u>\$ 52,746</u>
Amounts attributable to common stockholders:				
Income from continuing operations	\$ 111,634	\$ 72,974	\$ 241,054	\$ 212,471
Income (loss) from discontinued operations	20,655	(78,501)	30,173	(159,725)
Net income (loss) - Pitney Bowes Inc.	<u>\$ 132,289</u>	<u>\$ (5,527)</u>	<u>\$ 271,227</u>	<u>\$ 52,746</u>
Basic earnings per share attributable to common stockholders ⁽¹⁾ :				
Continuing operations	0.55	0.36	1.19	1.05
Discontinued operations	0.10	(0.39)	0.15	(0.79)
Net income (loss) - Pitney Bowes Inc.	<u>\$ 0.65</u>	<u>\$ (0.03)</u>	<u>\$ 1.34</u>	<u>\$ 0.26</u>
Diluted earnings per share attributable to common stockholders ⁽¹⁾ :				
Continuing operations	0.55	0.36	1.18	1.05
Discontinued operations	0.10	(0.39)	0.15	(0.79)
Net income (loss) - Pitney Bowes Inc.	<u>\$ 0.65</u>	<u>\$ (0.03)</u>	<u>\$ 1.33</u>	<u>\$ 0.26</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	September 30, 2014	December 31, 2013 (1)
Current assets:		
Cash and cash equivalents	\$ 923,676	\$ 907,806
Short-term investments	35,348	31,128
Accounts receivable, gross	412,702	482,949
Allowance for doubtful accounts receivable	(13,651)	(13,149)
Accounts receivable, net	399,051	469,800
Finance receivables	1,040,156	1,127,261
Allowance for credit losses	(21,914)	(24,340)
Finance receivables, net	1,018,242	1,102,921
Inventories	94,879	103,580
Current income taxes	29,815	28,934
Other current assets and prepayments	135,973	147,067
Assets held for sale	55,118	46,976
Total current assets	2,692,102	2,838,212
Property, plant and equipment, net	266,520	245,171
Rental property and equipment, net	206,394	226,146
Finance receivables	839,912	974,972
Allowance for credit losses	(9,323)	(12,609)
Finance receivables, net	830,589	962,363
Investment in leveraged leases	32,465	34,410
Goodwill	1,694,987	1,734,871
Intangible assets, net	91,797	120,387
Non-current income taxes	65,092	73,751
Other assets	544,091	537,397
Total assets	\$ 6,424,037	\$ 6,772,708
<u>Liabilities, noncontrolling interests and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,428,690	\$ 1,644,582
Current income taxes	153,809	157,340
Notes payable and current portion of long-term obligations	274,879	-
Advance billings	399,016	425,833
Total current liabilities	2,256,394	2,227,755
Deferred taxes on income	57,830	39,701
Tax uncertainties and other income tax liabilities	148,119	190,645
Long-term debt	2,962,997	3,346,295
Other non-current liabilities	423,981	466,766
Total liabilities	5,849,321	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	559	591
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	174,783	196,977
Retained earnings	4,872,875	4,715,564
Accumulated other comprehensive loss	(614,741)	(574,556)
Treasury stock, at cost	(4,478,469)	(4,456,742)
Total Pitney Bowes Inc. stockholders' equity	278,346	205,176
Total liabilities, noncontrolling interests and stockholders' equity	\$ 6,424,037	\$ 6,772,708

(1) Certain prior year amounts have been revised.

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

(Dollars in thousands)

	Three Months Ended September 30,		
	2014	2013	% Change
<u>Revenue</u>			
North America Mailing	\$ 363,285	\$ 381,685	(5%)
International Mailing	132,291	141,332	(6%)
Small & Medium Business Solutions	<u>495,576</u>	<u>523,017</u>	(5%)
Production Mail	113,497	116,477	(3%)
Presort Services	111,434	105,093	6%
Enterprise Business Solutions	<u>224,931</u>	<u>221,570</u>	2%
Digital Commerce Solutions	<u>221,137</u>	<u>175,902</u>	26%
Total revenue	<u>\$ 941,644</u>	<u>\$ 920,489</u>	2%
<u>EBIT (1)</u>			
North America Mailing	\$ 159,638	\$ 158,692	1%
International Mailing	16,079	15,627	3%
Small & Medium Business Solutions	<u>175,717</u>	<u>174,319</u>	1%
Production Mail	9,570	10,620	(10%)
Presort Services	21,927	20,398	7%
Enterprise Business Solutions	<u>31,497</u>	<u>31,018</u>	2%
Digital Commerce Solutions	<u>24,534</u>	<u>12,885</u>	90%
Total EBIT	<u>\$ 231,748</u>	<u>\$ 218,222</u>	6%
Unallocated amounts:			
Interest, net (2)	(41,825)	(45,519)	
Corporate and other expenses	(59,779)	(50,194)	
Restructuring charges & asset impairments	(4,526)	(34,909)	
Other income, net	<u>15,919</u>	<u>-</u>	
Income from continuing operations before income taxes	<u>\$ 141,537</u>	<u>\$ 87,600</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
September 30, 2014
(Unaudited)

(Dollars in thousands)

	<u>Nine Months Ended September 30,</u>		
	<u>2014</u>	<u>2013</u>	<u>% Change</u>
<u>Revenue</u>			
North America Mailing	\$ 1,115,507	\$ 1,162,718	(4%)
International Mailing	438,819	444,665	(1%)
Small & Medium Business Solutions	<u>1,554,326</u>	<u>1,607,383</u>	(3%)
Production Mail	330,469	360,352	(8%)
Presort Services	339,205	322,954	5%
Enterprise Business Solutions	<u>669,674</u>	<u>683,306</u>	(2%)
Digital Commerce Solutions	613,591	489,825	25%
Total revenue	<u>\$ 2,837,591</u>	<u>\$ 2,780,514</u>	2%
<u>EBIT (1)</u>			
North America Mailing	\$ 476,757	\$ 464,668	3%
International Mailing	67,347	53,092	27%
Small & Medium Business Solutions	<u>544,104</u>	<u>517,760</u>	5%
Production Mail	27,865	34,239	(19%)
Presort Services	68,235	65,132	5%
Enterprise Business Solutions	<u>96,100</u>	<u>99,371</u>	(3%)
Digital Commerce Solutions	51,994	27,969	86%
Total EBIT	<u>\$ 692,198</u>	<u>\$ 645,100</u>	7%
Unallocated amounts:			
Interest, net (2)	(127,437)	(142,525)	
Corporate and other expenses	(161,841)	(145,216)	
Restructuring charges & asset impairments	(22,666)	(53,940)	
Other expense, net	<u>(45,738)</u>	<u>(25,121)</u>	
Income from continuing operations before income taxes	<u>\$ 334,516</u>	<u>\$ 278,298</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 September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
GAAP income from continuing operations				
after income taxes, as reported	\$ 111,634	\$ 72,974	\$ 241,054	\$ 212,471
Restructuring charges & asset impairments	2,903	22,536	15,161	35,662
Extinguishment of debt	-	-	37,833	15,324
Investment divestiture	(9,774)	-	(9,774)	-
Income from continuing operations				
after income taxes, as adjusted	<u>\$ 104,763</u>	<u>\$ 95,510</u>	<u>\$ 284,274</u>	<u>\$ 263,457</u>
GAAP diluted earnings per share from				
continuing operations, as reported	\$ 0.55	\$ 0.36	\$ 1.18	\$ 1.05
Restructuring charges & asset impairments	0.01	0.11	0.07	0.18
Extinguishment of debt	-	-	0.19	0.08
Investment divestiture	(0.05)	-	(0.05)	-
Diluted earnings per share from continuing				
operations, as adjusted	<u>\$ 0.51</u>	<u>\$ 0.47</u>	<u>\$ 1.39</u>	<u>\$ 1.30</u>
GAAP net cash provided by operating activities,				
as reported	\$ 116,985	\$ 214,526	\$ 397,432	\$ 493,560
Capital expenditures	(48,920)	(29,951)	(121,270)	(103,392)
Restructuring payments	8,621	14,098	42,151	41,353
Payments related to investment divestiture	53,738	-	53,738	-
Reserve account deposits	(12,563)	9,227	(15,919)	(16,962)
Extinguishment of debt	-	-	61,657	25,121
Free cash flow, as adjusted	<u>\$ 117,861</u>	<u>\$ 207,900</u>	<u>\$ 417,789</u>	<u>\$ 439,680</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 September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
GAAP income from continuing operations				
after income taxes, as reported	\$ 111,634	\$ 72,974	\$ 241,054	\$ 212,471
Restructuring charges & asset impairments	2,903	22,536	15,161	35,662
Extinguishment of debt	-	-	37,833	15,324
Investment divestiture	(9,774)	-	(9,774)	-
Income from continuing operations				
after income taxes, as adjusted	104,763	95,510	284,274	263,457
Provision for income taxes, as adjusted	20,788	22,405	104,865	80,120
Preferred stock dividends of subsidiaries				
attributable to noncontrolling interests	4,593	4,594	13,781	13,782
Income from continuing operations before income taxes, as adjusted	130,144	122,509	402,920	357,359
Interest, net	41,825	45,519	127,437	142,525
Adjusted EBIT	171,969	168,028	530,357	499,884
Depreciation and amortization	49,643	50,679	142,506	153,878
Adjusted EBITDA	\$ 221,612	\$ 218,707	\$ 672,863	\$ 653,762

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, and goodwill and asset write-downs, because, while these are actual Company expenses, they can mask underlying trends associated with its 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 settlements or 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 and goodwill and asset impairments, 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.