

**Pitney Bowes Inc.**  
**Consolidated Statements of Income**

(Unaudited; in thousands, except share and per share amounts)

	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
Revenue:		
Equipment sales	\$ 155,808	\$ 162,974
Supplies	65,374	66,818
Software	81,616	77,867
Rentals	95,280	99,870
Financing	80,103	85,745
Support services	118,463	118,847
Business services	386,538	224,519
Total revenue	<u>983,182</u>	<u>836,640</u>
Costs and expenses:		
Cost of equipment sales	78,751	69,562
Cost of supplies	21,147	21,471
Cost of software	25,353	25,308
Cost of rentals	24,596	20,662
Financing interest expense	12,225	12,974
Cost of support services	75,572	73,354
Cost of business services	297,399	150,843
Selling, general and administrative <sup>(1)</sup>	312,108	304,847
Research and development	32,784	31,856
Restructuring charges, net	1,021	2,082
Other components of net pension and postretirement cost <sup>(1)</sup>	(1,719)	1,456
Interest expense, net	30,853	25,676
Total costs and expenses	<u>910,090</u>	<u>740,091</u>
Income before income taxes	73,092	96,549
Provision for income taxes	19,579	31,416
Net income	<u>\$ 53,513</u>	<u>\$ 65,133</u>
Basic earnings per share	<u>\$ 0.29</u>	<u>\$ 0.35</u>
Diluted earnings per share	<u>\$ 0.28</u>	<u>\$ 0.35</u>
Weighted-average shares used in diluted earnings per share	<u>188,174,983</u>	<u>186,875,143</u>

<sup>(1)</sup> Effective January 1, 2018, components of net periodic pension and postretirement costs, other than service costs, are required to be reported separately. Accordingly, for the three months ended March 31, 2017, \$1.5 million of costs have been reclassified from selling, general and administrative expense to Other components of net pension and postretirement cost.

**Pitney Bowes Inc.**  
**Consolidated Balance Sheets**  
(Unaudited; in thousands, except share amounts)

<u>Assets</u>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Current assets:		
Cash and cash equivalents	\$ 719,875	\$ 1,009,021
Short-term investments	55,603	48,988
Accounts receivable, net	488,028	524,424
Short-term finance receivables, net	792,802	828,003
Inventories	96,224	89,679
Current income taxes	42,274	58,439
Other current assets and prepayments	94,227	77,954
Total current assets	2,289,033	2,636,508
Property, plant and equipment, net	386,977	379,044
Rental property and equipment, net	182,727	185,741
Long-term finance receivables, net	640,987	652,087
Goodwill	1,965,984	1,952,444
Intangible assets, net	261,318	272,186
Noncurrent income taxes	61,367	59,909
Other assets	531,225	540,796
Total assets	\$ 6,319,618	\$ 6,678,715
 <u>Liabilities and stockholders' equity</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,375,166	\$ 1,486,741
Current income taxes	9,457	8,823
Current portion of long-term debt	327,429	271,057
Advance billings	292,174	288,372
Total current liabilities	2,004,226	2,054,993
Deferred taxes on income	239,472	234,643
Tax uncertainties and other income tax liabilities	112,520	116,551
Long-term debt	3,248,713	3,559,278
Other noncurrent liabilities	499,794	524,689
Total liabilities	6,104,725	6,490,154
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	1	1
Cumulative preference stock, no par value, \$2.12 convertible	422	441
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	119,647	138,367
Retained earnings	5,235,874	5,229,584
Accumulated other comprehensive loss	(771,995)	(792,173)
Treasury stock, at cost	(4,692,394)	(4,710,997)
Total stockholders' equity	214,893	188,561
Total liabilities and stockholders' equity	\$ 6,319,618	\$ 6,678,715

**Pitney Bowes Inc.**  
**Business Segments**  
(Unaudited; in thousands)

	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Global Ecommerce	\$ 246,590	\$ 88,152
Presort Services	134,458	132,677
<b>Commerce Services</b>	<b>381,048</b>	<b>220,829</b>
North America Mailing	325,430	355,578
International Mailing	97,897	93,058
<b>Small &amp; Medium Business Solutions</b>	<b>423,327</b>	<b>448,636</b>
Software Solutions	81,616	78,220
Production Mail	97,191	88,955
<b>Total revenue</b>	<b>\$ 983,182</b>	<b>\$ 836,640</b>

<b>EBIT</b>		
Global Ecommerce	\$ (7,711)	\$ (4,270)
Presort Services	27,026	30,717
<b>Commerce Services</b>	<b>19,315</b>	<b>26,447</b>
North America Mailing	119,471	141,008
International Mailing	15,892	13,269
<b>Small &amp; Medium Business Solutions</b>	<b>135,363</b>	<b>154,277</b>
Software Solutions	4,849	2,749
Production Mail	9,619	8,964
<b>Segment EBIT <sup>(1)</sup></b>	<b>\$ 169,146</b>	<b>\$ 192,437</b>

<b>EBITDA</b>		
Global Ecommerce	\$ 6,719	\$ 3,052
Presort Services	33,188	37,915
<b>Commerce Services</b>	<b>39,907</b>	<b>40,967</b>
North America Mailing	136,320	157,003
International Mailing	20,413	17,966
<b>Small &amp; Medium Business Solutions</b>	<b>156,733</b>	<b>174,969</b>
Software Solutions	7,270	4,837
Production Mail	10,261	9,733
<b>Segment EBITDA <sup>(2)</sup></b>	<b>\$ 214,171</b>	<b>\$ 230,506</b>

<b>Reconciliation of segment EBITDA to net income</b>
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<b>Segment EBITDA</b>	\$ 214,171	\$ 230,506
Less: Segment depreciation and amortization <sup>(3)</sup>	(45,025)	(38,069)
<b>Segment EBIT</b>	<b>169,146</b>	<b>192,437</b>
Corporate expenses	(49,361)	(55,156)
<b>Adjusted EBIT</b>	<b>119,785</b>	<b>137,281</b>
Interest, net <sup>(4)</sup>	(43,078)	(38,650)
Restructuring charges, net	(1,021)	(2,082)
Transaction costs	(2,594)	-
Provision for income taxes	(19,579)	(31,416)
<b>Net income</b>	<b>\$ 53,513</b>	<b>\$ 65,133</b>

<sup>(1)</sup> Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges, and other items that are not allocated to a particular business segment.

<sup>(2)</sup> Segment EBITDA is calculated as Segment EBIT plus segment depreciation and amortization expense.

<sup>(3)</sup> Includes depreciation and amortization expense of reporting segments only. Does not include corporate depreciation and amortization expense.

<sup>(4)</sup> Includes financing interest expense and interest expense, net.

**Pitney Bowes Inc.**  
**Reconciliation of Reported Consolidated Results to Adjusted Results**  
(Unaudited; in thousands, except per share amounts)

	Three months ended March 31,		Y/Y Chg.
	2018	2017	
<b>Reconciliation of reported revenue to revenue excluding currency</b>			
Revenue, as reported	\$ 983,182	\$ 836,640	
Favorable impact on revenue due to currency	(19,537)		
Revenue, excluding currency	<u>\$ 963,645</u>	<u>\$ 836,640</u>	<u>15%</u>

<b>Reconciliation of reported net income to adjusted net income</b>			
Net income	\$ 53,513	\$ 65,133	
Restructuring charges, net	755	1,353	
Transaction costs	1,932	-	
Net income, as adjusted	<u>\$ 56,200</u>	<u>\$ 66,486</u>	

<b>Reconciliation of reported diluted earnings per share to adjusted diluted earnings per share</b>			
Diluted earnings per share	\$ 0.28	\$ 0.35	
Restructuring charges, net	0.00	0.01	
Transaction costs	0.01	-	
Diluted earnings per share, as adjusted	<u>\$ 0.30</u>	<u>\$ 0.36</u>	

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

<b>Reconciliation of reported net cash from operating activities to free cash flow</b>			
Net cash provided by operating activities	\$ 82,672	\$ 154,006	
Capital expenditures	(42,923)	(35,920)	
Restructuring payments	15,702	12,416	
Reserve account deposits	6,654	(19,346)	
Transaction costs	2,594	-	
Free cash flow	<u>\$ 64,699</u>	<u>\$ 111,156</u>	