

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

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenue:				
Equipment sales	\$ 158,625	\$ 152,641	\$ 321,599	\$ 312,002
Supplies	63,228	65,274	130,046	137,325
Software	86,664	90,615	164,531	168,673
Rentals	95,999	102,869	195,869	206,959
Financing	83,653	91,609	169,398	189,032
Support services	115,299	131,418	234,146	259,678
Business services	217,903	201,460	442,422	406,806
Total revenue	<u>821,371</u>	<u>835,886</u>	<u>1,658,011</u>	<u>1,680,475</u>
Costs and expenses:				
Cost of equipment sales	77,189	78,055	146,751	149,594
Cost of supplies	19,909	19,624	41,380	40,314
Cost of software	24,795	26,983	50,103	53,798
Cost of rentals	21,576	18,415	42,238	38,910
Financing interest expense	12,843	13,495	25,817	28,410
Cost of support services	73,190	74,742	146,544	149,991
Cost of business services	153,063	140,830	303,906	276,368
Selling, general and administrative	297,468	289,116	603,771	615,998
Research and development	32,958	34,513	64,814	61,081
Restructuring charges and asset impairments, net	26,927	26,076	29,009	33,009
Interest expense, net	27,600	20,799	53,276	40,100
Total costs and expenses	<u>767,518</u>	<u>742,648</u>	<u>1,507,609</u>	<u>1,487,573</u>
Income before income taxes	53,853	93,238	150,402	192,902
Provision for income taxes	4,952	33,394	36,368	70,418
Income from continuing operations	48,901	59,844	114,034	122,484
Loss from discontinued operations, net of tax	-	(1,660)	-	(1,660)
Net income	48,901	58,184	114,034	120,824
Less: Preferred stock dividends attributable to noncontrolling interests	-	4,594	-	9,188
Net income - Pitney Bowes Inc.	<u>\$ 48,901</u>	<u>\$ 53,590</u>	<u>\$ 114,034</u>	<u>\$ 111,636</u>
Amounts attributable to common stockholders:				
Net income from continuing operations	\$ 48,901	\$ 55,250	\$ 114,034	\$ 113,296
Loss from discontinued operations, net of tax	-	(1,660)	-	(1,660)
Net income - Pitney Bowes Inc.	<u>\$ 48,901</u>	<u>\$ 53,590</u>	<u>\$ 114,034</u>	<u>\$ 111,636</u>
Basic earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	\$ 0.26	\$ 0.29	\$ 0.61	\$ 0.60
Discontinued operations	-	(0.01)	-	(0.01)
Net income - Pitney Bowes Inc.	<u>\$ 0.26</u>	<u>\$ 0.29</u>	<u>\$ 0.61</u>	<u>\$ 0.59</u>
Diluted earnings per share attributable to common stockholders <sup>(1)</sup> :				
Continuing operations	\$ 0.26	\$ 0.29	\$ 0.61	\$ 0.59
Discontinued operations	-	(0.01)	-	(0.01)
Net income - Pitney Bowes Inc.	<u>\$ 0.26</u>	<u>\$ 0.28</u>	<u>\$ 0.61</u>	<u>\$ 0.59</u>
Weighted-average shares used in diluted earnings per share	<u>187,377,059</u>	<u>188,362,278</u>	<u>186,944,571</u>	<u>190,806,261</u>

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

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

<u>Assets</u>	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Current assets:		
Cash and cash equivalents	\$ 840,564	\$ 764,522
Short-term investments	164,716	38,448
Accounts receivable, net	389,262	455,527
Short-term finance receivables, net	857,764	893,950
Inventories	121,478	92,726
Current income taxes	28,732	11,373
Other current assets and prepayments	89,061	68,637
Total current assets	2,491,577	2,325,183
Property, plant and equipment, net	327,140	314,603
Rental property and equipment, net	182,997	188,054
Long-term finance receivables, net	662,384	673,207
Goodwill	1,604,320	1,571,335
Intangible assets, net	152,019	165,172
Noncurrent income taxes	75,105	74,806
Other assets	541,806	524,773
Total assets	\$ 6,037,348	\$ 5,837,133
 <u>Liabilities and stockholders' equity (deficit)</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,339,287	\$ 1,378,822
Current income taxes	17,349	34,434
Current portion of long-term debt	985,291	614,485
Advance billings	291,180	299,878
Total current liabilities	2,633,107	2,327,619
Deferred taxes on income	214,287	204,289
Tax uncertainties and other income tax liabilities	51,112	61,276
Long-term debt	2,543,476	2,750,405
Other noncurrent liabilities	565,993	597,204
Total liabilities	6,007,975	5,940,793
Stockholders' equity (deficit):		
Cumulative preferred stock, \$50 par value, 4% convertible	1	1
Cumulative preference stock, no par value, \$2.12 convertible	463	483
Common stock, \$1 par value	323,338	323,338
Additional paid-in-capital	131,691	148,125
Retained earnings	5,152,241	5,107,734
Accumulated other comprehensive loss	(859,315)	(940,133)
Treasury stock, at cost	(4,719,046)	(4,743,208)
Total Pitney Bowes Inc. stockholders' equity (deficit)	29,373	(103,660)
Total liabilities and stockholders' equity (deficit)	\$ 6,037,348	\$ 5,837,133

**Pitney Bowes Inc.**  
**Business Segments - Revenue and EBIT**  
(Unaudited; in thousands)

	Three months ended June 30,			Six months ended June 30,		
	2017	2016 <sup>(1)</sup>	% Change	2017	2016 <sup>(1)</sup>	% Change
<b>Revenue</b>						
North America Mailing	\$ 341,096	\$ 343,218	(1%)	\$ 696,674	\$ 714,671	(3%)
International Mailing	95,322	107,581	(11%)	188,380	212,567	(11%)
<b>Small &amp; Medium Business Solutions</b>	<b>436,418</b>	<b>450,799</b>	<b>(3%)</b>	<b>885,054</b>	<b>927,238</b>	<b>(5%)</b>
Production Mail	85,570	95,874	(11%)	174,525	183,299	(5%)
Presort Services	118,452	115,765	2%	251,129	243,161	3%
<b>Enterprise Business Solutions</b>	<b>204,022</b>	<b>211,639</b>	<b>(4%)</b>	<b>425,654</b>	<b>426,460</b>	<b>(0%)</b>
Software Solutions	86,425	90,464	(4%)	164,645	168,386	(2%)
Global Ecommerce	94,506	82,984	14%	182,658	158,391	15%
<b>Digital Commerce Solutions</b>	<b>180,931</b>	<b>173,448</b>	<b>4%</b>	<b>347,303</b>	<b>326,777</b>	<b>6%</b>
<b>Total revenue</b>	<b>\$ 821,371</b>	<b>\$ 835,886</b>	<b>(2%)</b>	<b>\$ 1,658,011</b>	<b>\$ 1,680,475</b>	<b>(1%)</b>
<b>EBIT</b>						
North America Mailing	\$ 120,877	\$ 146,897	(18%)	\$ 261,885	\$ 307,728	(15%)
International Mailing	13,969	12,468	12%	27,238	23,644	15%
<b>Small &amp; Medium Business Solutions</b>	<b>134,846</b>	<b>159,365</b>	<b>(15%)</b>	<b>289,123</b>	<b>331,372</b>	<b>(13%)</b>
Production Mail	7,631	12,914	(41%)	16,595	19,738	(16%)
Presort Services	19,270	21,214	(9%)	49,987	50,124	(0%)
<b>Enterprise Business Solutions</b>	<b>26,901</b>	<b>34,128</b>	<b>(21%)</b>	<b>66,582</b>	<b>69,862</b>	<b>(5%)</b>
Software Solutions	7,555	10,151	(26%)	10,304	7,579	36%
Global Ecommerce	(4,030)	(683)	>(100%)	(8,300)	(4,152)	(100%)
<b>Digital Commerce Solutions</b>	<b>3,525</b>	<b>9,468</b>	<b>(63%)</b>	<b>2,004</b>	<b>3,427</b>	<b>(42%)</b>
<b>Segment EBIT <sup>(2)</sup></b>	<b>\$ 165,272</b>	<b>\$ 202,961</b>	<b>(19%)</b>	<b>\$ 357,709</b>	<b>\$ 404,661</b>	<b>(12%)</b>

**Reconciliation of segment EBIT to net income**

<b>Segment EBIT</b>	\$ 165,272	\$ 202,961	\$ 357,709	\$ 404,661
Corporate expenses	(50,134)	(48,777)	(105,290)	(106,544)
<b>Adjusted EBIT</b>	<b>115,138</b>	<b>154,184</b>	<b>252,419</b>	<b>298,117</b>
Interest, net <sup>(3)</sup>	(40,443)	(34,294)	(79,093)	(68,510)
Restructuring charges and asset impairments, net	(26,927)	(26,076)	(29,009)	(33,009)
Gain on sale of technology	6,085	-	6,085	-
Acquisition/disposition related expenses	-	(576)	-	(3,696)
<b>Income before income taxes</b>	<b>53,853</b>	<b>93,238</b>	<b>150,402</b>	<b>192,902</b>
Provision for income taxes	(4,952)	(33,394)	(36,368)	(70,418)
<b>Income from continuing operations</b>	<b>48,901</b>	<b>59,844</b>	<b>114,034</b>	<b>122,484</b>
Loss from discontinued operations, net of tax	-	(1,660)	-	(1,660)
<b>Net income</b>	<b>\$ 48,901</b>	<b>\$ 58,184</b>	<b>\$ 114,034</b>	<b>\$ 120,824</b>

<sup>(1)</sup> Prior period amounts have been recast to conform to the current year presentation.

<sup>(2)</sup> Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges, and other items that are not allocated to a particular business segment.

<sup>(3)</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 June 30,			Six months ended June 30,		
	2017	2016	Y/Y Chg.	2017	2016	Y/Y Chg.
<b>Reconciliation of reported revenue to revenue excluding currency</b>						
Revenue, as reported	\$ 821,371	\$ 835,886	(2%)	\$ 1,658,011	\$ 1,680,475	(1%)
Unfavorable impact on revenue due to currency	10,621		NM	20,166		NM
Revenue, excluding currency	<u>\$ 831,992</u>	<u>\$ 835,886</u>	<u>(0%)</u>	<u>\$ 1,678,177</u>	<u>\$ 1,680,475</u>	<u>(0%)</u>

<b>Reconciliation of reported net income to adjusted earnings</b>						
Net income	\$ 48,901	\$ 58,184		\$ 114,034	\$ 120,824	
Loss from discontinued operations, net of tax	-	1,660		-	1,660	
Restructuring charges and asset impairments, net	17,751	16,931		19,104	21,559	
Gain on sale of technology	(5,605)	-		(5,605)	-	
Acquisition/disposition related expenses	-	364		-	2,539	
Net income, as adjusted	<u>61,047</u>	<u>77,139</u>		<u>127,533</u>	<u>146,582</u>	
Provision for income taxes, as adjusted	<u>13,648</u>	<u>42,751</u>		<u>45,793</u>	<u>83,025</u>	
Income from continuing operations before income taxes, as adjusted	<u>74,695</u>	<u>119,890</u>		<u>173,326</u>	<u>229,607</u>	
Interest, net	<u>40,443</u>	<u>34,294</u>		<u>79,093</u>	<u>68,510</u>	
EBIT, as adjusted	<u>115,138</u>	<u>154,184</u>		<u>252,419</u>	<u>298,117</u>	
Depreciation and amortization	<u>43,865</u>	<u>45,238</u>		<u>88,160</u>	<u>89,538</u>	
EBITDA, as adjusted	<u>\$ 159,003</u>	<u>\$ 199,422</u>		<u>\$ 340,579</u>	<u>\$ 387,655</u>	

<b>Reconciliation of reported diluted earnings per share to adjusted diluted earnings per share</b>						
Diluted earnings per share	\$ 0.26	\$ 0.28		\$ 0.61	\$ 0.59	
Loss from discontinued operations, net of tax	-	0.01		-	0.01	
Restructuring charges and asset impairments, net	0.09	0.09		0.10	0.11	
Gain on sale of technology	(0.03)	-		(0.03)	-	
Acquisition/disposition related expenses	-	-		-	0.01	
Diluted earnings per share, as adjusted	<u>\$ 0.33</u>	<u>\$ 0.39</u>		<u>\$ 0.68</u>	<u>\$ 0.72</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 <sup>(1)</sup>	\$ 30,641	\$ 95,091		\$ 184,647	\$ 158,584	
Capital expenditures	(40,701)	(30,689)		(76,621)	(71,359)	
Restructuring payments	6,600	12,210		19,016	33,866	
Pension contribution	-	-		-	36,731	
Reserve account deposits	21,860	9,110		2,514	(7,143)	
Other	-	146		-	335	
Free cash flow	<u>\$ 18,400</u>	<u>\$ 85,868</u>		<u>\$ 129,556</u>	<u>\$ 151,014</u>	

<sup>(1)</sup> Net cash provided by operating activities for the three and six months ended June 30, 2016 has been revised for a new accounting standard adopted January 1, 2017.