UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2022

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-03579

PITNEY BOWES INC.

(Exact name of registrant as specified in its charter)

State of incorporation:	**Delaware**	I.R.S. Employer Identification No.	**06-0495050**
Address of Principal Executive Offices:	**3001 Summer Street, Stamford, Connecticut 06926**		
Telephone Number:	**(203) 356-5000**		

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $1 par value per share	PBI	New York Stock Exchange
6.7% Notes due 2043	PBI.PRB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	þ	Accelerated filer	☐	Non-accelerated filer	o		
Smaller reporting company	☐	Emerging growth company	☐				

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No þ

As of April 29, 2022, 173,432,129 shares of common stock, par value $1 per share, of the registrant were outstanding.

PITNEY BOWES INC.
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PART I. FINANCIAL INFORMATION

Item 1: Financial Statements

PITNEY BOWES INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in thousands, except per share amounts)

	Three Months Ended March 31,	
	2022	2021
Revenue:		
Business services	**$ 597,384**	$ 570,454
Support services	**110,352**	118,697
Financing	**72,029**	77,812
Equipment sales	**89,296**	86,803
Supplies	**41,061**	42,224
Rentals	**16,820**	19,207
Total revenue	**926,942**	915,197
Costs and expenses:		
Cost of business services	**503,215**	499,534
Cost of support services	**37,134**	36,717
Financing interest expense	**11,602**	11,886
Cost of equipment sales	**63,771**	61,840
Cost of supplies	**11,517**	11,211
Cost of rentals	**5,309**	6,447
Selling, general and administrative	**242,785**	238,102
Research and development	**11,334**	11,316
Restructuring charges	**4,184**	2,889
Interest expense, net	**22,124**	25,158
Other components of net pension and postretirement cost	**844**	350
Other (income) expense	**(11,901)**	51,394
Total costs and expenses	**901,918**	956,844
Income (loss) from continuing operations before taxes	**25,024**	(41,647)
Provision (benefit) for income taxes	**4,203**	(13,992)
Income (loss) from continuing operations	**20,821**	(27,655)
Loss from discontinued operations, net of tax	**—**	(3,886)
Net income (loss)	**$ 20,821**	$ (31,541)
Basic earnings (loss) per share [(1)]:		
Continuing operations	**$ 0.12**	$ (0.16)
Discontinued operations	**—**	(0.02)
Net income (loss)	**$ 0.12**	$ (0.18)
Diluted earnings (loss) per share [(1)]:		
Continuing operations	**$ 0.12**	$ (0.16)
Discontinued operations	**—**	(0.02)
Net income (loss)	**$ 0.12**	$ (0.18)

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

See Notes to Condensed Consolidated Financial Statements

PITNEY BOWES INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited; in thousands)

	Three Months Ended March 31,	
	2022	2021
Net income (loss)	**$ 20,821**	$ (31,541)
Other comprehensive loss, net of tax:		
Foreign currency translation, net of tax of $(167) and $(13), respectively	**(17,565)**	(14,258)
Net unrealized gain on cash flow hedges, net of tax of $1,768 and $1,601, respectively	**5,333**	4,830
Net unrealized loss on investment securities, net of tax of $(5,146) and $(2,956), respectively	**(15,522)**	(8,916)
Amortization of pension and postretirement costs, net of tax of $2,461 and $3,208, respectively	**7,736**	9,937
Other comprehensive loss, net of tax	**(20,018)**	(8,407)
Comprehensive income (loss)	**$ 803**	$ (39,948)

See Notes to Condensed Consolidated Financial Statements

PITNEY BOWES INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited; in thousands, except per share amount)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 622,575**	$ 732,480
Short-term investments (includes $2,639 and $2,658, respectively, reported at fair value)	**11,383**	14,440
Accounts and other receivables (net of allowance of $10,061 and $11,168, respectively)	**297,713**	334,630
Short-term finance receivables (net of allowance of $12,024 and $12,812, respectively)	**564,835**	560,680
Inventories	**87,661**	78,588
Current income taxes	**12,778**	13,894
Other current assets and prepayments	**145,167**	157,341
Total current assets	**1,742,112**	1,892,053
Property, plant and equipment, net	**430,498**	429,162
Rental property and equipment, net	**33,849**	34,774
Long-term finance receivables (net of allowance of $13,207 and $13,406 respectively)	**588,040**	587,427
Goodwill	**1,129,027**	1,135,103
Intangible assets, net	**124,739**	132,442
Operating lease assets	**236,477**	208,428
Noncurrent income taxes	**66,208**	68,398
Other assets (includes $281,811 and $318,754, respectively, reported at fair value)	**436,114**	471,084
Total assets	**$ 4,787,064**	$ 4,958,871
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 876,645**	$ 922,543
Customer deposits at Pitney Bowes Bank	**619,103**	632,062
Current operating lease liabilities	**41,600**	40,299
Current portion of long-term debt	**24,746**	24,739
Advance billings	**102,289**	99,280
Current income taxes	**2,864**	9,017
Total current liabilities	**1,667,247**	1,727,940
Long-term debt	**2,199,833**	2,299,099
Deferred taxes on income	**286,536**	286,445
Tax uncertainties and other income tax liabilities	**31,358**	31,935
Noncurrent operating lease liabilities	**220,614**	192,092
Other noncurrent liabilities	**288,594**	308,728
Total liabilities	**4,694,182**	4,846,239
Commitments and contingencies (See Note 13)		
Stockholders' equity:		
Common stock, $1 par value (480,000 shares authorized; 323,338 shares issued)	**323,338**	323,338
Additional paid-in capital	**—**	2,485
Retained earnings	**5,141,636**	5,169,270
Accumulated other comprehensive loss	**(800,330)**	(780,312)
Treasury stock, at cost (149,929 and 148,607 shares, respectively)	**(4,571,762)**	(4,602,149)
Total stockholders' equity	**92,882**	112,632
Total liabilities and stockholders' equity	**$ 4,787,064**	$ 4,958,871

See Notes to Condensed Consolidated Financial Statements

PITNEY BOWES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in thousands)

	Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	**$ 20,821**	$ (31,541)
Loss from discontinued operations, net of tax	**—**	3,886
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	**42,002**	39,594
Allowance for credit losses	**2,024**	3,992
Stock-based compensation	**4,495**	5,221
Amortization of debt fees	**1,479**	2,645
Loss on debt redemption/refinancing	**4,993**	51,394
Restructuring charges	**4,184**	2,889
Restructuring payments	**(3,285)**	(3,955)
Pension contributions and retiree medical payments	**(13,517)**	(13,230)
Gain on sale of assets	**(14,372)**	—
Gain on sale of business	**(2,522)**	—
Changes in operating assets and liabilities, net of acquisitions/divestitures:		
Accounts and other receivables	**33,086**	57,642
Finance receivables	**(172)**	27,714
Inventories	**(7,936)**	1,900
Other current assets and prepayments	**(25,426)**	(7,153)
Accounts payable and accrued liabilities	**(38,647)**	(54,022)
Current and noncurrent income taxes	**(3,836)**	(17,291)
Advance billings	**2,422**	4,267
Other, net	**4,769**	(8,029)
Net cash from operating activities	**10,562**	65,923
Cash flows from investing activities:		
Capital expenditures	**(32,555)**	(43,328)
Purchases of investment securities	**(3,988)**	(64,473)
Proceeds from sales/maturities of investment securities	**11,020**	28,008
Net investment in loan receivables	**(11,230)**	(7,316)
Proceeds from asset sales	**50,766**	—
Proceeds from sale of business	**9,016**	—
Other investing activities	**5,000**	—
Net cash from investing activities	**28,029**	(87,109)
Cash flows from financing activities:		
Proceeds from the issuance of debt, net of discount	**—**	1,195,500
Principal payments of debt	**(100,595)**	(1,327,315)
Premiums and fees paid to redeem/refinance debt	**(4,759)**	(44,418)
Dividends paid to stockholders	**(8,688)**	(8,625)
Customer deposits at Pitney Bowes Bank	**(12,959)**	(27,794)
Common stock repurchases	**(13,446)**	—
Other financing activities	**(5,411)**	(5,648)
Net cash from financing activities	**(145,858)**	(218,300)
Effect of exchange rate changes on cash and cash equivalents	**(2,638)**	(1,238)
Change in cash and cash equivalents	**(109,905)**	(240,724)
Cash and cash equivalents at beginning of period	**732,480**	921,450
Cash and cash equivalents at end of period	**$ 622,575**	$ 680,726

See Notes to Condensed Consolidated Financial Statements

1. Description of Business and Basis of Presentation

Description of Business

Pitney Bowes Inc. (we, us, our, or the company) is a global shipping and mailing company that provides technology, logistics, and financial services to small and medium sized businesses, large enterprises, including more than 90 percent of the Fortune 500, retailers and government clients around the world. These clients rely on us to remove the complexity and increase the efficiency in their sending of mail and parcels. For additional information, visit www.pitneybowes.com.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and the instructions to Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In addition, the December 31, 2021 Condensed Consolidated Balance Sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. In management's opinion, all adjustments, consisting only of normal recurring adjustments, considered necessary to fairly state our financial position, results of operations and cash flows for the periods presented have been included. Operating results for the periods presented are not necessarily indicative of the results that may be expected for any other interim period or for the year ending December 31, 2022. These statements should be read in conjunction with the financial statements and notes thereto included in our Annual Report to Stockholders on Form 10-K for the year ended December 31, 2021 (2021 Annual Report).

Net income for the three months ended March 31, 2022 benefited by approximately $3 million from adjustments related to prior years. The impact of the adjustments is not material to the consolidated financial statements for any prior quarterly or annual periods, and is not expected to be material to the current annual period.

Risks and Uncertainties

The effects of COVID-19 on global economies and businesses continues to impact how we conduct business and our operating results, financial position and cash flows. Its impact on our business remains unpredictable and accordingly, we are not able to reasonably estimate the full extent of the impact of COVID-19 on our operating results, financial position and cash flows.

Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* The transition to new reference interest rates will require certain contracts to be modified and the ASU is intended to provide temporary optional expedients and exceptions to U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. The accommodations provided by the ASU are effective through December 31, 2022, and may be applied at the beginning of any interim period within that time frame.

We have matched LIBOR-based debt with LIBOR-based interest rate swaps and have elected to apply the practical expedient related to probability and the assessment of the effectiveness for future LIBOR-indexed cash flows, which assumes that the debt instrument will use the same index rate as its corresponding interest rate swap once a new reference rate is established to replace LIBOR. We may apply other expedients as additional reference rate changes occur. We continue to assess the impact of this standard on our consolidated financial statements.

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures,* which requires disclosure of gross write-offs and recoveries of financing receivables by year of origination. The standard is effective for interim and annual periods beginning after December 15, 2022, with early adoption permitted. We are currently assessing the impact this standard will have on our financial statement disclosures.

2. Revenue

Disaggregated Revenue

The following tables disaggregate our revenue by source and timing of recognition:

	Three Months Ended March 31, 2022					
	Global Ecommerce	Presort Services	SendTech Solutions	Revenue from products and services	Revenue from leasing transactions and financing	Total consolidated revenue
Major products/service lines						
Business services	**$ 418,527**	**$ 160,544**	**$ 18,313**	**$ 597,384**	**$ —**	**$ 597,384**
Support services	**—**	**—**	**110,352**	**110,352**	**—**	**110,352**
Financing	**—**	**—**	**—**	**—**	**72,029**	**72,029**
Equipment sales	**—**	**—**	**21,299**	**21,299**	**67,997**	**89,296**
Supplies	**—**	**—**	**41,061**	**41,061**	**—**	**41,061**
Rentals	**—**	**—**	**—**	**—**	**16,820**	**16,820**
Subtotal	**418,527**	**160,544**	**191,025**	**770,096**	**$ 156,846**	**$ 926,942**
Revenue from leasing transactions and financing	**—**	**—**	**156,846**	**156,846**		
Total revenue	**$ 418,527**	**$ 160,544**	**$ 347,871**	**$ 926,942**		
Timing of revenue recognition from products and services						
Products/services transferred at a point in time	**$ —**	**$ —**	**$ 78,373**	**$ 78,373**		
Products/services transferred over time	**418,527**	**160,544**	**112,652**	**691,723**		
Total	**$ 418,527**	**$ 160,544**	**$ 191,025**	**$ 770,096**		

	Three Months Ended March 31, 2021					
	Global Ecommerce	Presort Services	SendTech Solutions	Revenue from products and services	Revenue from leasing transactions and financing	Total consolidated revenue
Major products/service lines						
Business services	$ 413,086	$ 143,126	$ 14,242	$ 570,454	$ —	$ 570,454
Support services	—	—	118,697	118,697	—	118,697
Financing	—	—	—	—	77,812	77,812
Equipment sales	—	—	19,118	19,118	67,685	86,803
Supplies	—	—	42,224	42,224	—	42,224
Rentals	—	—	—	—	19,207	19,207
Subtotal	413,086	143,126	194,281	750,493	$ 164,704	$ 915,197
Revenue from leasing transactions and financing	—	—	164,704	164,704		
Total revenue	$ 413,086	$ 143,126	$ 358,985	$ 915,197		
Timing of revenue recognition from products and services						
Products/services transferred at a point in time	$ —	$ —	$ 77,538	$ 77,538		
Products/services transferred over time	413,086	143,126	116,743	672,955		
Total	$ 413,086	$ 143,126	$ 194,281	$ 750,493		

Our performance obligations for revenue from products and services are as follows:

Business services includes fulfillment, delivery and return services, cross-border solutions, mail processing services and shipping subscription solutions. Revenue for fulfillment, delivery and return services and cross-border solutions and mail processing services is recognized over time using an output method based on the number of parcels or mail pieces either processed or delivered, depending on the service type, since that measure best depicts the value of goods and services transferred to the client over the contract period. Contract terms for these services initially range from one to five years and contain annual renewal options. Revenue for shipping subscription solutions revenue is recognized ratably over the contract period as the client obtains equal benefit from these services through the period.

Support services includes providing maintenance, professional and subscription services for our equipment and digital mailing and shipping technology solutions. Contract terms range from one to five years, depending on the term of the lease contract for the related equipment. Revenue for maintenance and subscription services is recognized ratably over the contract period and revenue for professional services is recognized when services are provided.

Equipment sales generally includes the sale of mailing and shipping equipment, excluding sales-type leases. We recognize revenue upon delivery for self-install equipment and upon acceptance or installation for other equipment. We provide a warranty that the equipment is free of defects and meets stated specifications. The warranty is not considered a separate performance obligation.

Supplies revenue includes revenue from supplies for our mailing equipment and is recognized upon delivery.

Revenue from leasing transactions and financing includes revenue from sales-type and operating leases, finance income, late fees and investment income, gains and losses at the Bank.

Advance Billings from Contracts with Customers

	Balance sheet location	March 31, 2022	December 31, 2021	Increase/ (decrease)
Advance billings, current	Advance billings	**$ 93,905**	$ 92,926	$ 979
Advance billings, noncurrent	Other noncurrent liabilities	**$ 772**	$ 1,109	$ (337)

Advance billings are recorded when cash payments are due in advance of our performance. Revenue is recognized ratably over the contract term. Items in advance billings primarily relate to support services on mailing equipment. Revenue recognized during the period includes $55 million of advance billings at the beginning of the period. Advance billings, current reported on the condensed consolidated balance sheets at March 31, 2022 and December 31, 2021 also includes $8 million and $6 million, respectively, from leasing transactions.

Future Performance Obligations

Future performance obligations include revenue streams bundled with our leasing contracts, primarily maintenance and subscription services. The transaction prices allocated to future performance obligations will be recognized as follows:

	Remainder of 2022	2023	2024-2027	Total
SendTech Solutions	$ 205,644	$ 218,121	$ 264,498	$ 688,263

The amounts above do not include revenue for performance obligations under contracts with terms less than 12 months or revenue for performance obligations where revenue is recognized based on the amount billable to the customer.

3. Segment Information

Our reportable segments are Global Ecommerce, Presort Services and SendTech Solutions. The principal products and services of each reportable segment are as follows:

Global Ecommerce: Includes the revenue and related expenses from business to consumer logistics services for domestic and cross-border delivery, returns and fulfillment.

Presort Services: Includes revenue and related expenses from sortation services to qualify large volumes of First Class Mail, Marketing Mail, Marketing Mail Flats and Bound Printed Matter for postal worksharing discounts.

SendTech Solutions: Includes the revenue and related expenses from physical and digital mailing and shipping technology solutions, financing, services, supplies and other applications to help simplify and save on the sending, tracking and receiving of letters, parcels and flats.

Management measures segment profitability and performance using segment earnings before interest and taxes (EBIT). Segment EBIT is calculated by deducting from segment revenue the related costs and expenses attributable to the segment. Segment EBIT excludes interest, taxes, unallocated corporate expenses, restructuring charges, asset and goodwill impairment charges and other items not allocated to a business segment. Costs related to shared assets are allocated to the relevant segments. Management believes that segment EBIT provides investors a useful measure of operating performance and underlying trends of the business. Segment EBIT may not be indicative of our overall consolidated performance and therefore, should be read in conjunction with our consolidated results of operations. The following tables provide information about our reportable segments and reconciliation of segment EBIT to net income (loss).

	Revenue	
	Three Months Ended March 31,	
	2022	2021
Global Ecommerce	**$ 418,527**	$ 413,086
Presort Services	**160,544**	143,126
SendTech Solutions	**347,871**	358,985
Total revenue	**$ 926,942**	$ 915,197

	EBIT	
	Three Months Ended March 31,	
	2022	2021
Global Ecommerce	**$ (13,696)**	$ (26,376)
Presort Services	**19,632**	19,051
SendTech Solutions	**104,575**	114,470
Total segment EBIT	**110,511**	107,145
Reconciliation of Segment EBIT to net income (loss):		
Unallocated corporate expenses	**(57,834)**	(57,465)
Restructuring charges	**(4,184)**	(2,889)
Interest expense, net	**(33,726)**	(37,044)
Loss on debt redemption/refinancing	**(4,993)**	(51,394)
Gain on sale of business	**2,522**	—
Gain on sale of assets	**14,372**	—
Transaction costs	**(1,644)**	—
(Provision) benefit for income taxes	**(4,203)**	13,992
Income (loss) from continuing operations	**20,821**	(27,655)
Loss from discontinued operations, net of tax	**—**	(3,886)
Net income (loss)	**$ 20,821**	$ (31,541)

Effective for 2022, we refined our methodology for allocating transportation costs between Global Ecommerce and Presort Services, resulting in an increase to Global Ecommerce EBIT and a corresponding decrease to Presort Services EBIT of approximately $3 million for the three months ended March 31, 2022.

4. Earnings per Share (EPS)

The calculation of basic and diluted earnings per share is presented below. The sum of the earnings per share amounts may not equal the totals due to rounding.

	Three Months Ended March 31,	
	2022	2021
Numerator:		
Income (loss) from continuing operations	**$ 20,821**	$ (27,655)
Loss from discontinued operations, net of tax	**—**	(3,886)
Net income (loss)	**$ 20,821**	$ (31,541)
Denominator:		
Weighted-average shares used in basic EPS	**174,115**	172,856
Dilutive effect of common stock equivalents [(1)]	**3,919**	—
Weighted-average shares used in diluted EPS	**178,034**	172,856
Basic earnings (loss) per share:		
Continuing operations	**$ 0.12**	$ (0.16)
Discontinued operations	**—**	(0.02)
Net income (loss)	**$ 0.12**	$ (0.18)
Diluted earnings (loss) per share:		
Continuing operations	**$ 0.12**	$ (0.16)
Discontinued operations	**—**	(0.02)
Net income (loss)	**$ 0.12**	$ (0.18)
Common stock equivalents excluded from calculation of diluted earnings per share because their impact would be anti-dilutive:	**9,590**	6,440

[(1)] Due to the net loss for the three months ended March 31, 2021, common stock equivalents of 5,804 were also excluded from the calculation of diluted earnings per share.

5. Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or net realizable value. Inventories consisted of the following:

	March 31, 2022	December 31, 2021
Raw materials	**$ 25,510**	$ 22,352
Supplies and service parts	**31,869**	26,076
Finished products	**30,282**	30,160
Total inventory, net	**$ 87,661**	$ 78,588

6. Finance Assets and Lessor Operating Leases

Finance Assets

Finance receivables are comprised of sales-type lease receivables, secured loans and unsecured loans. Sales-type leases and secured loans are from financing options provided to clients for Pitney Bowes equipment or leasing of other manufacturers' equipment and are generally due in installments over periods ranging from three to five years. Unsecured loans comprise revolving credit lines offered to our clients for postage, supplies and working capital purposes. These revolving credit lines are generally due monthly; however, clients may rollover outstanding balances. Interest is recognized on finance receivables using the effective interest method. Annual fees are recognized ratably over the annual period covered and client acquisition costs are expensed as incurred. All finance receivables are in our SendTech Solutions segment and we segregate finance receivables into a North America portfolio and an International portfolio.

Finance receivables consisted of the following:

	March 31, 2022			December 31, 2021		
	North America	**International**	**Total**	North America	International	Total
Sales-type lease receivables						
Gross finance receivables	**$ 959,257**	**$ 172,840**	**$ 1,132,097**	$ 958,440	$ 187,831	$ 1,146,271
Unguaranteed residual values	**38,157**	**10,171**	**48,328**	37,896	10,717	48,613
Unearned income	**(243,818)**	**(54,190)**	**(298,008)**	(246,381)	(56,643)	(303,024)
Allowance for credit losses	**(18,960)**	**(2,790)**	**(21,750)**	(19,546)	(3,246)	(22,792)
Net investment in sales-type lease receivables	**734,636**	**126,031**	**860,667**	730,409	138,659	869,068
Loan receivables						
Loan receivables	**274,661**	**21,028**	**295,689**	262,310	20,155	282,465
Allowance for credit losses	**(3,297)**	**(184)**	**(3,481)**	(3,259)	(167)	(3,426)
Net investment in loan receivables	**271,364**	**20,844**	**292,208**	259,051	19,988	279,039
Net investment in finance receivables	**$ 1,006,000**	**$ 146,875**	**$ 1,152,875**	$ 989,460	$ 158,647	$ 1,148,107

Maturities of gross finance receivables at March 31, 2022 were as follows:

	Sales-type Lease Receivables			Loan Receivables		
	North America	**International**	**Total**	**North America**	**International**	**Total**
Remainder 2022	$ 289,762	$ 49,184	$ 338,946	$ 232,528	$ 21,028	$ 253,556
2023	302,598	55,706	358,304	18,278	—	18,278
2024	201,413	35,883	237,296	12,964	—	12,964
2025	113,862	20,896	134,758	8,246	—	8,246
2026	47,423	9,061	56,484	2,417	—	2,417
Thereafter	4,199	2,110	6,309	228	—	228
Total	$ 959,257	$ 172,840	$ 1,132,097	$ 274,661	$ 21,028	$ 295,689

Aging of Receivables

The aging of gross finance receivables was as follows:

	March 31, 2022				
	Sales-type Lease Receivables		Loan Receivables		
	North America	International	North America	International	Total
Past due amounts 0 - 90 days	$ 951,491	$ 170,651	$ 271,093	$ 20,944	$ 1,414,179
Past due amounts > 90 days	7,766	2,189	3,568	84	13,607
Total	$ 959,257	$ 172,840	$ 274,661	$ 21,028	$ 1,427,786
Past due amounts > 90 days					
Still accruing interest	$ 2,444	$ 666	$ —	$ —	$ 3,110
Not accruing interest	5,322	1,523	3,568	84	10,497
Total	$ 7,766	$ 2,189	$ 3,568	$ 84	$ 13,607

	December 31, 2021				
	Sales-type Lease Receivables		Loan Receivables		
	North America	International	North America	International	Total
Past due amounts 0 - 90 days	$ 950,138	$ 185,057	$ 258,514	$ 20,018	$ 1,413,727
Past due amounts > 90 days	8,302	2,774	3,796	137	15,009
Total	$ 958,440	$ 187,831	$ 262,310	$ 20,155	$ 1,428,736
Past due amounts > 90 days					
Still accruing interest	$ 4,964	$ 682	$ —	$ —	$ 5,646
Not accruing interest	3,338	2,092	3,796	137	9,363
Total	$ 8,302	$ 2,774	$ 3,796	$ 137	$ 15,009

Allowance for Credit Losses

We provide an allowance for credit losses based on historical loss experience, the nature of our portfolios, adverse situations that may affect a client's ability to pay and current economic conditions and outlook based on reasonable and supportable forecasts. We continually evaluate the adequacy of the allowance for credit losses and adjust as necessary. The assumptions used in determining an estimate of credit losses are inherently subjective and actual results may differ significantly from estimated reserves.

Credit approval limits are established based on the credit quality of the client and the type of equipment financed. We cease financing revenue recognition for lease receivables that are more than 120 days past due and for unsecured loan receivables that are more than 90 days past due. Revenue recognition is resumed when the client's payments reduce the account aging to less than 60 days past due. Finance receivables are written off against the allowance after all collection efforts have been exhausted and management deems the account to be uncollectible. We believe that our credit risk is low because of the geographic and industry diversification of our clients and small account balances for most of our clients.

Activity in the allowance for credit losses for finance receivables was as follows:

	Sales-type Lease Receivables		Loan Receivables		
	North America	International	North America	International	Total
Balance at January 1, 2022	$ 19,546	$ 3,246	$ 3,259	$ 167	$ 26,218
Amounts charged to expense	**297**	**47**	**616**	**143**	**1,103**
Write-offs	**(1,640)**	**(360)**	**(1,341)**	**(117)**	**(3,458)**
Recoveries	**744**	**—**	**761**	**—**	**1,505**
Other	**13**	**(143)**	**2**	**(9)**	**(137)**
Balance at March 31, 2022	**$ 18,960**	**$ 2,790**	**$ 3,297**	**$ 184**	**$ 25,231**

	Sales-type Lease Receivables		Loan Receivables		
	North America	International	North America	International	Total
Balance at January 1, 2021	$ 22,917	$ 6,006	$ 6,484	$ 462	$ 35,869
Amounts charged to expense	154	61	763	4	982
Write-offs	(1,024)	(371)	(1,833)	(3)	(3,231)
Recoveries	935	29	991	—	1,955
Other	16	(119)	2	—	(101)
Balance at March 31, 2021	$ 22,998	$ 5,606	$ 6,407	$ 463	$ 35,474

Credit Quality

The extension of credit and management of credit lines to new and existing clients uses a combination of a client's credit score, where available, a detailed manual review of their financial condition and payment history, or an automated process. Once credit is granted, the payment performance of the client is managed through automated collections processes and is supplemented with direct follow up should an account become delinquent. We have robust automated collections and extensive portfolio management processes to ensure that our global strategy is executed, collection resources are allocated and enhanced tools and processes are implemented as needed.

Over 85% of our finance receivables are within the North American portfolio. We use a third party to score the majority of this portfolio on a quarterly basis using a proprietary commercial credit score. The relative scores are determined based on a number of factors, including financial information, payment history, company type and ownership structure. We stratify the third party's credit scores of our clients into low, medium and high-risk accounts. Due to timing and other issues, our entire portfolio may not be scored at period end. We report these amounts as "Not Scored"; however, absence of a score is not indicative of the credit quality of the account. The third-party credit score is used to predict the payment behaviors of our clients and the probability that an account will become greater than 90 days past due during the subsequent 12-month period.

- Low risk accounts are companies with very good credit scores and a predicted delinquency rate of less than 5%.
- Medium risk accounts are companies with average to good credit scores and a predicted delinquency rate between 5% and 10%.
- High risk accounts are companies with poor credit scores, are delinquent or are at risk of becoming delinquent. The predicted delinquency rate would be greater than 10%.

We do not use a third party to score our International portfolio because the cost to do so is prohibitive as there is no single credit score model that covers all countries. Accordingly, the entire International portfolio is reported in the Not Scored category. This portfolio comprises approximately 15% of total finance receivables. Most of the International credit applications are small dollar applications (i.e. below $50 thousand) and are subjected to an automated review process. Larger credit applications are manually reviewed, which includes obtaining client financial information, credit reports and other available financial information.

The table below shows gross finance receivables by relative risk class and year of origination based on the relative scores of the accounts within each class as of March 31, 2022 and December 31, 2021.

	March 31, 2022							
	Sales Type Lease Receivables							
	2022	2021	2020	2019	2018	Prior	Loan Receivables	Total
Low	$ 76,624	$ 253,998	$ 180,703	$ 146,716	$ 79,663	$ 35,833	$ 202,419	$ 975,956
Medium	13,619	44,487	32,696	27,581	14,456	8,744	57,783	199,366
High	1,558	5,037	4,876	3,688	2,033	1,028	4,153	22,373
Not Scored	26,074	73,694	38,874	35,487	20,873	3,755	31,334	230,091
Total	$ 117,875	$ 377,216	$ 257,149	$ 213,472	$ 117,025	$ 49,360	$ 295,689	$ 1,427,786

	December 31, 2021							
	Sales Type Lease Receivables							
	2021	2020	2019	2018	2017	Prior	Loan Receivables	Total
Low	$ 274,191	$ 195,421	$ 162,479	$ 95,661	$ 33,698	$ 14,862	$ 192,161	$ 968,473
Medium	43,403	34,955	31,038	17,895	6,981	3,619	55,708	193,599
High	5,474	5,017	4,044	2,708	849	889	4,822	23,803
Not Scored	45,644	54,097	47,973	33,998	19,161	12,214	29,774	242,861
Total	$ 368,712	$ 289,490	$ 245,534	$ 150,262	$ 60,689	$ 31,584	$ 282,465	$ 1,428,736

Lease Income

Lease income from sales-type leases, excluding variable lease payments, was as follows:

	Three Months Ended March 31,	
	2022	2021
Profit recognized at commencement	$ 35,040	$ 32,265
Interest income	42,283	48,496
Total lease income from sales-type leases	$ 77,323	$ 80,761

Lessor Operating Leases

We also lease mailing equipment under operating leases with terms of one to five years. Maturities of these operating leases are as follows:

Remainder 2022	$ 19,002
2023	15,556
2024	16,303
2025	5,325
2026	1,409
Thereafter	170
Total	$ 57,765

7. Intangible Assets and Goodwill

Intangible Assets

Intangible assets consisted of the following:

	March 31, 2022			December 31, 2021		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	**$ 268,176**	**$ (148,098)**	**$ 120,078**	$ 268,187	$ (141,492)	$ 126,695
Software & technology	**21,967**	**(17,306)**	**4,661**	21,981	(16,234)	5,747
Total intangible assets	**$ 290,143**	**$ (165,404)**	**$ 124,739**	$ 290,168	$ (157,726)	$ 132,442

Amortization expense for both the three months ended March 31, 2022 and 2021 was $8 million.

Future amortization expense as of March 31, 2022 is shown in the table below. Actual amortization expense may differ due to, among other things, fluctuations in foreign currency exchange rates, acquisitions, divestitures and impairment charges.

Remainder 2022	$ 22,119
2023	26,959
2024	26,959
2025	20,300
2026	14,146
Thereafter	14,256
Total	$ 124,739

Goodwill

Changes in the carrying value of goodwill by reporting segment are shown in the table below.

	December 31, 2021	**Currency impact**	**March 31, 2022**
Global Ecommerce	$ 395,062	**$ —**	**$ 395,062**
Presort Services	220,992	—	**220,992**
SendTech Solutions	519,049	**(6,076)**	**512,973**
Total goodwill	$ 1,135,103	**$ (6,076)**	**$ 1,129,027**

Global Ecommerce goodwill is net of accumulated goodwill impairment charges of $198 million at March 31, 2022 and December 31, 2021.

8. Fair Value Measurements and Derivative Instruments

We measure certain financial assets and liabilities at fair value on a recurring basis. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. An entity is required to classify certain assets and liabilities measured at fair value based on the following fair value hierarchy that prioritizes the inputs used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 – Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity, may be derived from internally developed methodologies based on management's best estimate of fair value and that are significant to the fair value of the asset or liability.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect its placement within the fair value hierarchy. The following tables show, by level within the fair value hierarchy, our financial assets and liabilities that are accounted for at fair value on a recurring basis.

	March 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities				
Money market funds	$ 81,015	$ 172,525	$ —	$ 253,540
Equity securities	—	23,009	—	23,009
Commingled fixed income securities	1,618	15,038	—	16,656
Government and related securities	9,246	21,733	—	30,979
Corporate debt securities	—	59,597	—	59,597
Mortgage-backed / asset-backed securities	—	153,060	—	153,060
Derivatives				
Interest rate swap	—	10,313	—	10,313
Foreign exchange contracts	—	739	—	739
Total assets	$ 91,879	$ 456,014	$ —	$ 547,893
Liabilities:				
Derivatives				
Foreign exchange contracts	$ —	$ (905)	$ —	$ (905)
Total liabilities	$ —	$ (905)	$ —	$ (905)

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities				
Money market funds	$ 88,705	$ 338,043	$ —	$ 426,748
Equity securities	—	29,356	—	29,356
Commingled fixed income securities	1,692	16,815	—	18,507
Government and related securities	9,790	25,439	—	35,229
Corporate debt securities	—	65,167	—	65,167
Mortgage-backed / asset-backed securities	—	172,018	—	172,018
Derivatives				
Interest rate swap	—	3,103	—	3,103
Foreign exchange contracts	—	2,474	—	2,474
Total assets	$ 100,187	$ 652,415	$ —	$ 752,602
Liabilities:				
Derivatives				
Foreign exchange contracts	$ —	$ (304)	$ —	$ (304)
Total liabilities	$ —	$ (304)	$ —	$ (304)

Investment Securities

The valuation of investment securities is based on the market approach using inputs that are observable, or can be corroborated by observable data, in an active marketplace. The following information relates to our classification within the fair value hierarchy:

- *Money Market Funds:* Money market funds typically invest in government securities, certificates of deposit, commercial paper and other highly liquid, low risk securities. Money market funds are principally used for overnight deposits and are classified as Level 1 when unadjusted quoted prices in active markets are available and as Level 2 when they are not actively traded on an exchange.
- *Equity Securi*ties: Equity securities are comprised of mutual funds investing in U.S. and foreign stocks. These mutual funds are classified as Level 2.
- *Commingled Fixed Income Securities:* Commingled fixed income securities are comprised of mutual funds that invest in a variety of fixed income securities, including securities of the U.S. government and its agencies, corporate debt, mortgage-backed securities and asset-backed securities. Fair value is based on the value of the underlying investments owned by each fund, minus its liabilities, divided by the number of shares outstanding, as reported by the fund manager. These mutual funds are classified as Level 1 when unadjusted quoted prices in active markets are available and as Level 2 when they are not actively traded on an exchange.
- *Government and Related Securities:* Debt securities are classified as Level 1 when unadjusted quoted prices in active markets are available. Debt securities are classified as Level 2 where fair value is determined using quoted market prices for similar securities or benchmarking model derived prices to quoted market prices and trade data for identical or comparable securities.
- *Corporate Debt Securities:* Corporate debt securities are valued using recently executed comparable transactions, market price quotations or bond spreads for the same maturity as the security. These securities are classified as Level 2.
- *Mortgage-Backed Securities / Asset-Backed Securities:* These securities are valued based on external pricing indices or external price/spread data. These securities are classified as Level 2.

Derivative Securities

- *Foreign Exchange Contracts:* The valuation of foreign exchange derivatives is based on the market approach using observable market inputs, such as foreign currency spot and forward rates and yield curves. These securities are classified as Level 2.
- *Interest Rate Swaps:* The valuation of interest rate swaps is based on an income approach using inputs that are observable or that can be derived from, or corroborated by, observable market data. These securities are classified as Level 2.

Available-For-Sale Securities

Investment securities classified as available-for-sale are recorded at fair value with changes in fair value due to market conditions (i.e., interest rates) recorded in accumulated other comprehensive loss (AOCL), and changes in fair value due to credit conditions recorded in earnings. There were no unrealized losses due to credit losses charged to earnings through the three months ended March 31, 2022.

Available-for-sale securities consisted of the following:

	March 31, 2022			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Government and related securities	**$ 35,987**	**$ 57**	**$ (5,065)**	**$ 30,979**
Corporate debt securities	**67,599**	**46**	**(8,048)**	**59,597**
Commingled fixed income securities	**1,730**	**—**	**(112)**	**1,618**
Mortgage-backed / asset-backed securities	**168,524**	**18**	**(15,482)**	**153,060**
Total	**$ 273,840**	**$ 121**	**$ (28,707)**	**$ 245,254**

	December 31, 2021			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Government and related securities	$ 36,160	$ 81	$ (1,012)	$ 35,229
Corporate debt securities	67,906	259	(2,998)	65,167
Commingled fixed income securities	1,725	—	(33)	1,692
Mortgage-backed / asset-backed securities	176,559	144	(4,685)	172,018
Total	$ 282,350	$ 484	$ (8,728)	$ 274,106

Investment securities in a loss position were as follows:

	March 31, 2022		December 31, 2021	
	Fair Value	Gross unrealized losses	Fair Value	Gross unrealized losses
Greater than 12 continuous months				
Government and related securities	**$ 22,661**	**$ 3,330**	$ 16,018	$ 579
Corporate debt securities	**50,887**	**7,486**	51,385	2,658
Commingled fixed income securities	**1,618**	**112**	—	—
Mortgage-backed / asset-backed securities	**141,267**	**14,813**	135,441	4,057
Total	**$ 216,433**	**$ 25,741**	$ 202,844	$ 7,294
Less than 12 continuous months				
Government and related securities	**$ 7,547**	**$ 1,735**	$ 15,438	$ 433
Corporate debt securities	**5,366**	**561**	8,859	339
Commingled fixed income securities	**—**	**—**	1,692	33
Mortgage-backed / asset-backed securities	**10,522**	**670**	30,754	629
Total	**$ 23,435**	**$ 2,966**	$ 56,743	$ 1,434

At March 31, 2022, 58% of the securities were in a loss position. We believe our allowance for credit losses on available-for-sale investment securities is adequate as our investments are primarily in highly liquid U.S. government and agency securities, high grade corporate bonds and municipal bonds. We have not recognized an impairment on investment securities in an unrealized loss position because we have the ability and intent to hold these securities until recovery of the unrealized losses or expect to receive the stated principal and interest at maturity.

Scheduled maturities of available-for-sale securities at March 31, 2022 were as follows:

	Amortized cost	Estimated fair value
Within 1 year	$ 2,495	$ 2,386
After 1 year through 5 years	16,186	15,163
After 5 years through 10 years	73,708	65,519
After 10 years	181,451	162,186
Total	$ 273,840	$ 245,254

The actual maturities may not coincide with the scheduled maturities as certain securities contain early redemption features and/or allow for the prepayment of obligations.

Held-to-Maturity Securities

Held-to-maturity securities at March 31, 2022 and December 31, 2021 totaled $21 million and $20 million, respectively.

Derivative Instruments

In the normal course of business, we are exposed to the impact of changes in foreign currency exchange rates and interest rates. We limit these risks by following established risk management policies and procedures, including the use of derivatives. We use derivative instruments to limit the effects of currency exchange rate fluctuations on financial results and manage the cost of debt. We do not use derivatives for trading or speculative purposes. Derivative instruments are recorded at fair value and the accounting for changes in fair value depends on the intended use of the derivative, the resulting designation and the effectiveness of the instrument in offsetting the risk exposure it is designed to hedge.

Foreign Exchange Contracts

We enter into foreign exchange contracts to mitigate the currency risk associated with anticipated inventory purchases between affiliates and from third parties. These contracts are designated as cash flow hedges. The effective portion of the gain or loss on cash flow hedges is included in AOCL in the period that the change in fair value occurs and is reclassified to earnings in the period that the hedged item is recorded in earnings. At March 31, 2022 and December 31, 2021, outstanding contracts associated with these anticipated transactions had a notional value of $2 million and $1 million, respectively. Amounts included in AOCL at March 31, 2022 will be recognized in earnings within the next 12 months. No amount of ineffectiveness was recorded in earnings for these designated cash flow hedges.

Interest Rate Swaps

We have interest rate swap agreements with an aggregate notional value of $200 million that are designated as cash flow hedges. The fair value of the interest rate swaps is recorded as a derivative asset or liability at the end of each reporting period with the change in fair value reflected in AOCL.

The fair value of derivative instruments was as follows:

Designation of Derivatives	Balance Sheet Location	March 31, 2022	December 31, 2021
Derivatives designated as hedging instruments			
Foreign exchange contracts	Other current assets and prepayments	**$ 24**	$ 21
	Accounts payable and accrued liabilities	**(4)**	(10)
Interest rate swaps	Other assets	**10,313**	3,103
Derivatives not designated as hedging instruments			
Foreign exchange contracts	Other current assets and prepayments	**715**	2,453
	Accounts payable and accrued liabilities	**(901)**	(294)
	Total derivative assets	**$ 11,052**	$ 5,577
	Total derivative liabilities	**(905)**	(304)
	Total net derivative asset	**$ 10,147**	$ 5,273

Results of cash flow hedging relationships were as follows:

	Three Months Ended March 31,				
	Derivative Gain (Loss) Recognized in AOCL (Effective Portion)			Gain (Loss) Reclassified from AOCL to Earnings (Effective Portion)	
Derivative Instrument	2022	2021	Location of Gain (Loss) (Effective Portion)	2022	2021
Foreign exchange contracts	**$ 23**	$ 228	Revenue	**$ —**	$ 126
			Cost of sales	**14**	(58)
Interest rate swap	**7,210**	6,280	Interest expense	**137**	—
	$ 7,233	$ 6,508		**$ 151**	$ 68

We also enter into foreign exchange contracts to minimize the impact of exchange rate fluctuations on short-term intercompany loans and related interest that are denominated in a foreign currency. The revaluation of intercompany loans and interest and the mark-to-market adjustment on derivatives are recorded in earnings. All outstanding contracts at March 31, 2022 mature within 3 months.

The mark-to-market adjustments of non-designated derivative instruments were as follows:

		Three Months Ended March 31,	
		Derivative Gain (Loss) Recognized in Earnings	
Derivatives Instrument	Location of Derivative Gain (Loss)	2022	2021
Foreign exchange contracts	Selling, general and administrative expense	**$ (3,414)**	$ 553

Fair Value of Financial Instruments

Our financial instruments include cash and cash equivalents, available-for-sale and held-to-maturity investment securities, accounts receivable, loan receivables, derivative instruments, accounts payable and debt. The carrying value of cash and cash equivalents, held-to-maturity investment securities, accounts receivable, loans receivable, and accounts payable approximate fair value. The fair value of available-for-sale investment securities and derivative instruments are presented above. The fair value of debt is estimated based on recently executed transactions and market price quotations. The inputs used to determine the fair value of debt were classified as Level 2 in the fair value hierarchy. The carrying value and estimated fair value of debt was as follows:

	March 31, 2022	December 31, 2021
Carrying value	**$ 2,224,579**	$ 2,323,838
Fair value	**$ 2,120,628**	$ 2,355,894

9. Restructuring Charges

Activity in our restructuring reserves was as follows:

	Severance and other exit costs
Balance at January 1, 2022	$ 5,747
Amounts charged to expense	**4,184**
Cash payments	**(3,285)**
Noncash activity	**(172)**
Balance at March 31, 2022	**$ 6,474**
Balance at January 1, 2021	$ 10,063
Amounts charged to expense	2,889
Cash payments	(3,955)
Noncash activity	(227)
Balance at March 31, 2021	$ 8,770

The majority of the restructuring reserves are expected to be paid over the next 12 to 24 months.

10. Debt

Total debt consisted of the following:

	Interest rate	March 31, 2022	December 31, 2021
Notes due April 2023	6.20%	—	90,259
Notes due March 2024	4.625%	**238,449**	242,603
Term loan due March 2026	LIBOR + 1.75%	**365,750**	370,500
Notes due March 2027	6.875%	**400,000**	400,000
Term loan due March 2028	LIBOR + 4.0%	**445,500**	446,625
Notes due March 2029	7.25%	**350,000**	350,000
Notes due January 2037	5.25%	**35,841**	35,841
Notes due March 2043	6.70%	**425,000**	425,000
Other debt		**3,378**	3,685
Principal amount		**2,263,918**	2,364,513
Less: unamortized costs, net		**39,339**	40,675
Total debt		**2,224,579**	2,323,838
Less: current portion long-term debt		**24,746**	24,739
Long-term debt		**$ 2,199,833**	$ 2,299,099

In March 2022, we redeemed the April 2023 notes and recorded a $5 million pre-tax loss in connection with this redemption.

At March 31, 2022, the interest rate on the 2026 Term Loan was 2.2% and the interest rate of the 2028 Term Loan was 4.5%. These term loans also require quarterly principal repayments.

We have outstanding interest rate swaps that effectively convert $200 million of our variable rate debt to fixed rates. Under the terms of these interest rate swap agreements, we pay fixed-rate interest of 0.56% and receive variable-rate interest based on one-month LIBOR. The variable interest rates under the term loans and the swaps reset monthly.

At March 31, 2022, we were in compliance with all covenants.

11. Pensions and Other Benefit Programs

The components of net periodic benefit cost were as follows:

	Defined Benefit Pension Plans				Nonpension Postretirement Benefit Plans	
	United States		Foreign			
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2022	2021	**2022**	2021	**2022**	2021
Service cost	**$ 24**	$ 26	**$ 355**	$ 395	**$ 179**	$ 224
Interest cost	**11,141**	10,745	**3,634**	2,961	**940**	961
Expected return on plan assets	**(17,863)**	(19,478)	**(7,205)**	(7,984)	**—**	—
Amortization of prior service (credit) cost	**(11)**	(15)	**68**	67	**—**	32
Amortization of net actuarial loss	**8,232**	9,638	**1,821**	2,345	**87**	1,078
Net periodic benefit cost (income)	**$ 1,523**	$ 916	**$ (1,327)**	$ (2,216)	**$ 1,206**	$ 2,295
Contributions to benefit plans	**$ 1,138**	$ 1,015	**$ 8,221**	$ 8,696	**$ 4,158**	$ 3,519

12. Income Taxes

The effective tax rate for the three months ended March 31, 2022 was 16.8% and includes a benefit of $1 million associated with the 2019 sale of a business. The effective tax rate for the three months ended March 31, 2021 was a benefit of 33.6% and includes benefits of $3 million from an affiliate reorganization.

As is the case with other large corporations, our tax returns are examined by tax authorities in the U.S. and other global taxing jurisdictions in which we have operations. As a result, it is reasonably possible that the amount of unrecognized tax benefits will decrease in the next 12 months, and this decrease could be up to 15% of our unrecognized tax benefits.

The Internal Revenue Service examinations of our consolidated U.S. income tax returns for tax years prior to 2018 are closed to audit; however, various post-2016 U.S. state and local tax returns are still subject to examination, with some states in appeals from 2011. For our significant non-U.S. jurisdictions, Canada is closed to examination through 2016 except for a specific issue arising in earlier years, France is closed through 2019, Germany is closed through 2016 and the U.K. is closed through 2019. We also have other less significant tax filings currently subject to examination.

13. Commitments and Contingencies

In the ordinary course of business, we are routinely defendants in, or party to, a number of pending and threatened legal actions. These may involve litigation by or against us relating to, among other things, contractual rights under vendor, insurance or other contracts; intellectual property or patent rights; equipment, service, payment or other disputes with clients; or disputes with employees. Some of these actions may be brought as a purported class action on behalf of a purported class of employees, customers or others. In management's opinion, it is not reasonably possible that the potential liability, if any, that may result from these actions, either individually or collectively, will have a material effect on our financial position, results of operations or cash flows. However, as litigation is inherently unpredictable, there can be no assurances in this regard.

As of March 31, 2022, we have entered into real estate and equipment leases with aggregate payments of $107 million and terms ranging from four to eight years that have not commenced.

14. Stockholders' Equity

Changes in stockholders' equity were as follows:

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total equity
Balance at January 1, 2022	**$ 323,338**	**$ 2,485**	**$ 5,169,270**	**$ (780,312)**	**$ (4,602,149)**	**$ 112,632**
Net income	**—**	**—**	**20,821**	**—**	**—**	**20,821**
Other comprehensive loss	**—**	**—**	**—**	**(20,018)**	**—**	**(20,018)**
Dividends paid ($0.05 per common share)	**—**	**—**	**(8,688)**	**—**	**—**	**(8,688)**
Issuance of common stock	**—**	**(6,980)**	**(39,767)**	**—**	**43,833**	**(2,914)**
Stock-based compensation expense	**—**	**4,495**	**—**	**—**	**—**	**4,495**
Repurchase of common stock	**—**	**—**	**—**	**—**	**(13,446)**	**(13,446)**
Balance at March 31, 2022	**$ 323,338**	**$ —**	**$ 5,141,636**	**$ (800,330)**	**$ (4,571,762)**	**$ 92,882**

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total equity
Balance at January 1, 2021	$ 323,338	$ 68,502	$ 5,205,421	$ (839,131)	$ (4,687,509)	$ 70,621
Net loss	—	—	(31,541)	—	—	(31,541)
Other comprehensive loss	—	—	—	(8,407)	—	(8,407)
Dividends paid ($0.05 per common share)	—	—	(8,625)	—	—	(8,625)
Issuance of common stock	—	(58,454)	—	—	54,574	(3,880)
Stock-based compensation expense	—	5,221	—	—	—	5,221
Balance at March 31, 2021	$ 323,338	$ 15,269	$ 5,165,255	$ (847,538)	$ (4,632,935)	$ 23,389

15. Accumulated Other Comprehensive Loss

Reclassifications out of AOCL were as follows:

	Gain (Loss) Reclassified from AOCL Three Months Ended March 31,	
	2022	2021
Cash flow hedges		
Revenue	**$ —**	$ 126
Cost of sales	**14**	(58)
Interest expense, net	**137**	—
Total before tax	**151**	68
Income tax provision	**37**	17
Net of tax	**$ 114**	$ 51
Available-for-sale securities		
Financing revenue	**$ (2)**	$ (1)
Selling, general and administrative expense	**(13)**	42
Total before tax	**(15)**	41
Income tax provision	**(3)**	10
Net of tax	**$ (12)**	$ 31
Pension and postretirement benefit plans		
Prior service costs	**$ (57)**	$ (84)
Actuarial losses	**(10,140)**	(13,061)
Total before tax	**(10,197)**	(13,145)
Income tax benefit	**(2,461)**	(3,208)
Net of tax	**$ (7,736)**	$ (9,937)

Changes in AOCL, net of tax were as follows:

	Cash flow hedges	**Available for sale securities**	**Pension and postretirement benefit plans**	**Foreign currency adjustments**	**Total**
Balance at January 1, 2022	$ 3,803	$ (6,249)	$ (756,639)	$ (21,227)	$ (780,312)
Other comprehensive income (loss) before reclassifications	**5,447**	**(15,534)**	—	**(17,565)**	**(27,652)**
Reclassifications into earnings	**(114)**	**12**	**7,736**	—	**7,634**
Net other comprehensive income (loss)	**5,333**	**(15,522)**	**7,736**	**(17,565)**	**(20,018)**
Balance at March 31, 2022	**$ 9,136**	**$ (21,771)**	**$ (748,903)**	**$ (38,792)**	**$ (800,330)**

	Cash flow hedges	Available for sale securities	Pension and postretirement benefit plans	Foreign currency adjustments	Total
Balance at January 1, 2021	$ (1,411)	$ 402	$ (851,063)	$ 12,941	$ (839,131)
Other comprehensive income (loss) before reclassifications	4,881	(8,885)	—	(14,258)	(18,262)
Reclassifications into earnings	(51)	(31)	9,937	—	9,855
Net other comprehensive income (loss)	4,830	(8,916)	9,937	(14,258)	(8,407)
Balance at March 31, 2021	$ 3,419	$ (8,514)	$ (841,126)	$ (1,317)	$ (847,538)

16. Supplemental Financial Statement Information

Activity in the allowance for credit losses on accounts receivables and other assets for the three months ended March 31, 2022 and 2021 is presented below. See Note 7 for additional information regarding finance receivables.

	Three Months Ended March 31,	
	2022	2021
Balance at beginning of year	**$ 29,179**	$ 35,344
Amounts charged to expense	**921**	3,011
Write-offs, recoveries and other	**(19,519)**	(1,314)
Balance at end of period	**$ 10,581**	$ 37,041
Accounts and other receivables	**$ 10,061**	$ 20,480
Other assets	**520**	16,561
Total	**$ 10,581**	$ 37,041

Other (income) expense consisted of the following:

	Three Months Ended March 31,	
	2022	2021
Loss on debt redemption/refinancing	**$ 4,993**	$ 51,394
Gain on sale of business	**(2,522)**	—
Gain on sale of assets	**(14,372)**	—
Other (income) expense	**$ (11,901)**	$ 51,394

During the first quarter of 2022, we recognized a pre-tax loss of $5 million on the early redemption of debt (see Note 10). During the quarter, we also received proceeds of $9 million related to the 2019 sale of six smaller international businesses and recognized a pre-tax gain of $3 million and closed on the sale and leaseback of our Shelton, Connecticut office building, receiving net proceeds of $51 million and recognizing a pre-tax gain of $14 million.

Supplemental cash flow information is as follows:

	Three Months Ended March 31,	
	2022	2021
Cash interest paid	**$ 49,430**	$ 39,658
Cash income tax payments, net of refunds	**$ 8,079**	$ 2,641
Noncash activity		
Capital assets obtained under capital lease obligations	**$ 8,721**	$ 9,477

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) contains statements that are forward-looking. We caution readers that any forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (Securities Act) and Section 21E of the Securities Exchange Act of 1934 (Exchange Act) may change based on various factors. Forward-looking statements are based on current expectations and assumptions, which we believe are reasonable; however, such statements are subject to risks and uncertainties, and actual results could differ materially from those projected or assumed in any of our forward-looking statements. Words such as "estimate," "target," "project," "plan," "believe," "expect," "anticipate," "intend" and similar expressions may identify such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Forward-looking statements in this Form 10-Q speak only as of the date hereof, and forward-looking statements in documents that are incorporated by reference speak only as of the date of those documents.

Our results of operations, financial condition and forward-looking statements are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the Securities and Exchange Commission. In particular, we continue to navigate the impacts of the COVID-19 pandemic and the effect that its unpredictability is having on our, and our clients' businesses. Other factors which could cause future financial performance to differ materially from expectations, and which may also be exacerbated by COVID-19 or a negative change in the economy, include, without limitation:

- declining physical mail volumes
- changes in postal regulations or the operations and financial health of posts in the U.S. or other major markets, or changes to the broader postal or shipping markets
- the loss of, or significant changes to, our contractual relationships with the United States Postal Service (USPS) or USPS' performance under those contracts
- our ability to continue to grow and manage unexpected fluctuations in volumes, gain additional economies of scale and improve profitability within our Global Ecommerce segment
- changes in labor and transportation availability and costs
- global supply chain issues adversely impacting our third-party suppliers' ability to provide us products and services
- declines in demand for our ecommerce services resulting from supply chain delays or interruptions affecting our retail clients, or changes in retail consumer behavior or spending patterns
- the impacts of inflation and rising prices on our costs and expenses, and to our clients and retail consumers
- competitive factors, including pricing pressures, technological developments and the introduction of new products and services by competitors
- the loss of some of our larger clients in our Global Ecommerce and Presort Services segments
- expenses and potential impacts resulting from a breach of security, including cyber-attacks or other comparable events
- the potential impacts on our cost of debt due to potential interest rate increases
- our success at managing customer credit risk
- capital market disruptions or credit rating downgrades that adversely impact our ability to access capital markets at reasonable costs
- our success in developing and marketing new products and services and obtaining regulatory approvals, if required
- the continued availability and security of key information technology systems and the cost to comply with information security requirements and privacy laws
- changes in international trade policies, including the imposition or expansion of trade tariffs, and other geopolitical risks
- changes in tax laws, rulings or regulations
- our success at managing relationships and costs with outsource providers of certain functions and operations
- changes in banking regulations or the loss of our Industrial Bank charter
- changes in foreign currency exchange rates
- increased environmental and climate change requirements or other developments in these areas
- intellectual property infringement claims
- the use of the postal system for transmitting harmful biological agents, illegal substances or other terrorist attacks
- impact of acts of nature on the services and solutions we offer

Further information about factors that could materially affect us, including our results of operations and financial condition, is contained in Item 1A. "Risk Factors" in our 2021 Annual Report, as supplemented by Part II, Item 1A in this Quarterly Report on Form 10-Q.

Overview

Financial Results Summary - Three Months Ended March 31:

	Revenue			
	Three Months Ended March 31,			
	2022	2021	Actual % change	Constant Currency % change
Business services	**$ 597,384**	$ 570,454	5 %	5 %
Support services	**110,352**	118,697	(7)%	(6)%
Financing	**72,029**	77,812	(7)%	(7)%
Equipment sales	**89,296**	86,803	3 %	4 %
Supplies	**41,061**	42,224	(3)%	(1)%
Rentals	**16,820**	19,207	(12)%	(12)%
Total revenue	**$ 926,942**	$ 915,197	1 %	2 %

	Revenue			
	Three Months Ended March 31,			
	2022	2021	Actual % change	Constant currency % change
Global Ecommerce	**$ 418,527**	$ 413,086	1 %	1 %
Presort Services	**160,544**	143,126	12 %	12 %
SendTech Solutions	**347,871**	358,985	(3)%	(2)%
Total revenue	**$ 926,942**	$ 915,197	1 %	2 %

	Segment EBIT		
	Three Months Ended March 31,		
	2022	2021	% change
Global Ecommerce	**$ (13,696)**	$ (26,376)	48 %
Presort Services	**19,632**	19,051	3 %
SendTech Solutions	**104,575**	114,470	(9)%
Total Segment EBIT	**$ 110,511**	$ 107,145	3 %

Revenue increased 1% (2% at constant currency) in the first quarter of 2022 compared to the prior year primarily driven by a 5% increase in business services revenue due to pricing actions in Global Ecommerce and Presort Services, and was partially offset by lower support services revenue driven by a declining meter population and a shift to cloud-enabled products and lower financing revenue due to a decline in the number of lease extensions. Global Ecommerce revenue increased 1%, Presort Services revenue increased 12% and SendTech Solutions revenue declined 3% (2% at constant currency).

Segment EBIT in the quarter increased 3% compared to the prior year period. Global Ecommerce EBIT increased 48% primarily due to operational efficiencies. Presort Services EBIT increased 3% primarily due to the increase in revenue and SendTech Solutions EBIT decreased 9% primarily driven by the decline in revenue. Refer to Results of Operations section for further information.

Outlook

We continue to see market opportunities for each of our businesses and continue to invest in new solutions and services and initiatives to improve our efficiencies. For 2022, our investment focus will be on gaining further network efficiencies and economies of scale within our Global Ecommerce and Presort Services operations and in new solutions and services across all our businesses. Our mix of business continues to shift to higher growth, lower margin markets, and as we continue to invest with a view to, and ahead of, our expectations for long-term growth, it is possible that near term margins will be under pressure. However, we expect margins to improve as we build scale and realize the full benefits of our investments and optimizations.

The impacts of COVID-19 remain uncertain and unpredictable. Supply chain issues continue to pose challenges for us and our clients' ability to meet their customers' demand. These supply chain issues could continue to impact customer behaviors as well as that of end consumers, which could impact our shipping and delivery volumes. The duration and severity of these supply chain issues is unknown

and unpredictable, and some factors are not within our control. However, we will continue to take proactive steps to manage our operations and mitigate related financial impacts.

On a consolidated basis, we expect revenue growth in the low to mid-single digit range in 2022 compared to 2021. Within Global Ecommerce, we anticipate revenue growth and margin and profit improvements from pricing initiatives and increased productivity from the benefits of investments made in our facilities and network. However, we also expect continued growth in the demand for transportation services and labor to generate increased costs. Within Presort Services, we expect revenue growth and profit improvements as productivity initiatives, increased automation and facilities consolidation and optimization will more than offset expected higher labor and transportation costs. Within SendTech Solutions, although we expect overall revenue to decline, we expect margins to remain strong and growth in our cloud-enabled shipping solutions.

RESULTS OF OPERATIONS

In our revenue discussion, we may refer to revenue growth on a constant currency basis. Constant currency measures exclude the impact of changes in currency exchange rates from the prior period under comparison. We believe that excluding the impacts of currency exchange rates provides investors with a better understanding of the underlying revenue performance. Constant currency change is calculated by converting the current period non-U.S. dollar denominated revenue using the prior year's exchange rate. Where constant currency measures are not provided, the actual change and constant currency change are the same.

Management measures segment profitability and performance using segment earnings before interest and taxes (EBIT), which is calculated by deducting from segment revenue the related costs and expenses attributable to the segment. Segment EBIT excludes interest, taxes, unallocated corporate expenses, restructuring charges, asset and goodwill impairment charges and other items not allocated to a business segment. Management believes that Segment EBIT provides investors a useful measure of operating performance and underlying trends of the business. Segment EBIT may not be indicative of our overall consolidated performance and should be read in conjunction with our consolidated results of operations.

Effective for 2022, we refined our methodology for allocating transportation costs between Global Ecommerce and Presort Services, resulting in an increase to Global Ecommerce EBIT and a corresponding decrease to Presort Services EBIT of approximately $3 million for the three months ended March 31, 2022.

REVENUE AND SEGMENT EBIT

Global Ecommerce

Global Ecommerce includes the revenue and related expenses from business to consumer logistics services for domestic and cross-border delivery, returns and fulfillment.

	Revenue				**Cost of Revenue**		**Gross Margin**	
	Three Months Ended March 31,				**Three Months Ended March 31,**		**Three Months Ended March 31,**	
	2022	2021	Actual % change	Constant Currency % change	**2022**	2021	**2022**	2021
Business services	**$ 418,527**	$ 413,086	1 %	1 %	**$ 368,468**	$ 384,308	12.0 %	7.0 %

	Segment EBIT		
	Three Months Ended March 31,		
	2022	2021	Actual % change
Segment EBIT	**$ (13,696)**	$ (26,376)	48 %

Global Ecommerce revenue increased 1% in the first quarter of 2022 compared to the prior year period due to pricing actions that more than offset the impact on revenue from lower volumes in the first quarter compared to the prior year period. Domestic parcel delivery and fulfillment volumes contributed revenue growth of 9%, but cross-border and digital delivery volumes contributed revenue declines of 5% and 2%, respectively.

Gross margin increased $21 million and gross margin percentage increased to 12% from 7% compared to the prior year period, primarily due to pricing actions, improved warehouse productivity and margin improvements in domestic parcel delivery and fulfillment services, partially offset by the impact of lower volumes from cross-border and digital delivery services, and higher postal costs of $9 million and transportation costs of $7 million.

Segment EBIT for the first quarter of 2022 was a loss of $14 million compared to a loss of $26 million in the prior year period. The EBIT improvement was driven primarily by the increase in gross margin of $21 million, partially offset by increased operating expenses of $9 million, driven primarily by higher employee-related expenses and higher depreciation expense.

Presort Services

Presort Services includes revenue and related expenses from sortation services to qualify large volumes of First Class Mail, Marketing Mail, Marketing Mail Flats and Bound Printed Matter for postal worksharing discounts.

	Revenue				Cost of Revenue		Gross Margin	
	Three Months Ended March 31,				Three Months Ended March 31,		Three Months Ended March 31,	
	2022	2021	Actual % change	Constant Currency % change	**2022**	2021	**2022**	2021
Business services	**$ 160,544**	$ 143,126	12 %	12 %	**$ 124,652**	$ 108,998	22.4 %	23.8 %

	Segment EBIT		
	Three Months Ended March 31,		
	2022	2021	Actual % change
Segment EBIT	**$ 19,632**	$ 19,051	3 %

Presort Services revenue increased 12% in the first quarter of 2022 compared to the prior year period. The processing of Marketing Mail, First Class Mail and Bound Printed Matter contributed revenue growth of 8%, 3% and 1%, respectively, primarily due to the impact of pricing actions.

Gross margin increased $2 million, primarily driven by higher revenue; however, gross margin percentage declined to 22.4% from 23.8% primarily due to increased labor and transportation costs of $8 million and $7 million, respectively

Segment EBIT increased $1 million, or 3% in the first quarter of 2022, due to the $2 million increase in gross margin, partially offset by a $1 million increase in operating expenses.

SendTech Solutions

SendTech Solutions includes the revenue and related expenses from physical and digital mailing and shipping technology solutions, financing, services, supplies and other applications to help simplify and save on the sending, tracking and receiving of letters, parcels and flats.

	Revenue				Cost of Revenue		Gross Margin	
	Three Months Ended March 31,				Three Months Ended March 31,		Three Months Ended March 31,	
	2022	2021	Actual % change	Constant Currency % change	**2022**	2021	**2022**	2021
Business services	**$ 18,313**	$ 14,242	29 %	29 %	**$ 9,882**	$ 6,069	46.0 %	57.4 %
Support services	**110,352**	118,697	(7)%	(6)%	**36,935**	36,228	66.5 %	69.5 %
Financing	**72,029**	77,812	(7)%	(7)%	**11,602**	11,886	83.9 %	84.7 %
Equipment sales	**89,296**	86,803	3 %	4 %	**63,441**	61,790	29.0 %	28.8 %
Supplies	**41,061**	42,224	(3)%	(1)%	**11,475**	11,211	72.1 %	73.4 %
Rentals	**16,820**	19,207	(12)%	(12)%	**5,267**	6,447	68.7 %	66.4 %
Total revenue	**$ 347,871**	$ 358,985	(3)%	(2)%	**$ 138,602**	$ 133,631	60.2 %	62.8 %

	Segment EBIT		
	Three Months Ended March 31,		
	2022	2021	Actual % change
Segment EBIT	**$ 104,575**	$ 114,470	(9)%

SendTech Solutions revenue decreased 3% (2% at constant currency) in the first quarter of 2022 compared to the prior year period. Support services revenue declined 7% (6% at constant currency) primarily due to a declining meter population and shift to cloud-enabled products, which generally require less service. Financing revenue declined 7% primarily due to lower lease extensions of $6

million as more clients opted to lease new equipment rather than extend leases on existing equipment. Partially offsetting these decreases, business services revenue increased 29% primarily due to growth in our subscription services.

Gross margin for the first quarter of 2022 decreased $16 million compared to the prior year period and gross margin percentage decreased to 60.2% from 62.8% in the prior year period. The decline in gross margin and gross margin percentage was primarily driven by the decrease in support services and financing revenue and the relative high margins from these revenues.

Segment EBIT decreased $10 million, or 9% in the first quarter of 2022 compared to the prior year period, primarily driven by the decline in gross margin of $16 million, partially offset by lower operating expenses of $6 million.

UNALLOCATED CORPORATE EXPENSES

The majority of selling, general and administrative (SG&A) expenses are recorded directly or allocated to our reportable segments. SG&A expenses not recorded directly, or allocated to our reportable segments, are reported as unallocated corporate expenses. Unallocated corporate expenses primarily represents corporate administrative functions such as finance, marketing, human resources, legal, information technology and innovation.

	Three Months Ended March 31,		
	2022	2021	Actual % change
Unallocated corporate expenses	**$ 57,834**	$ 57,465	1 %

Unallocated corporate expenses were consistent with the prior year, increasing only $0.4 million and less than 1%.

CONSOLIDATED EXPENSES

Selling, general and administrative

SG&A expense for the quarter increased $5 million, or 2% compared to the prior year period to $243 million, primarily due to higher employee-related expenses of $3 million, higher depreciation expense of $1 million and higher travel expenses of $1 million.

Research and development (R&D)

R&D expense for the quarter was $11 million and flat compared to the prior year period.

Restructuring charges

Restructuring charges, consisting of costs for employee severance and facility closures, were $4 million for the quarter. See Note 9 to the Condensed Consolidated Financial Statements for further information.

Other (income) expense

Other (income) expense for the first three months of 2022 includes a $14 million gain on the sale of our Shelton, Connecticut office building, a $3 million gain from the 2019 sale of a business and a charge of $5 million from the early redemption of debt. See Notes 10 and 16 to the Condensed Consolidated Financial Statements for further information.

Income taxes

The effective tax rate for the three months ended March 31, 2022 was 16.8%. See Note 12 to the Condensed Consolidated Financial Statements for further information.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2022, we had cash, cash equivalents and short-term investments of $634 million, which includes $180 million held at our foreign subsidiaries used to support the liquidity needs of those subsidiaries. Our ability to maintain adequate liquidity for our operations is dependent upon a number of factors, including our revenue and earnings, our clients' ability to pay their balances on a timely basis, the impacts of changing macroeconomic and geopolitical conditions and our ability to manage costs and improve productivity. At this time, we believe that existing cash and investments, cash generated from operations and borrowing capacity under our $500 million revolving credit facility will be sufficient to fund our cash needs for the next 12 months.

Cash Flow Summary

Changes in cash and cash equivalents were as follows:

	2022	2021	Change
Net cash from operating activities	**$ 10,562**	$ 65,923	$ (55,361)
Net cash from investing activities	**28,029**	(87,109)	115,138
Net cash from financing activities	**(145,858)**	(218,300)	72,442
Effect of exchange rate changes on cash and cash equivalents	**(2,638)**	(1,238)	(1,400)
Change in cash and cash equivalents	**$ (109,905)**	$ (240,724)	$ 130,819

Operating Activities

Cash flows from operating activities in 2022 declined $55 million compared to the prior year period primarily due to the timing of collections of receivables and higher inventory purchases.

Investing Activities

Cash flows from investing activities for 2022 increased $115 million compared to the prior year, primarily due to proceeds of $51 million from the sale of our Shelton facility and $9 million related to the 2019 sale of a business, a benefit of $43 million from investment activities and lower capital expenditures of $11 million.

Financing Activities

Cash flows from financing activities for 2022 improved $72 million compared to the prior year primarily due to lower net repayments of debt of $31 million, lower premiums and fees paid to refinance debt of $40 million and lower decline in customer deposits of $15 million, partially offset by $13 million of common stock repurchases.

Financings and Capitalization

In March 2022, we redeemed the April 2023 notes and recorded a $5 million pre-tax loss in connection with this redemption.

The credit agreement that governs our $500 million secured revolving credit facility and term loans contains financial and non-financial covenants. At March 31, 2022, we were in compliance with all covenants and there were no outstanding borrowings under the revolving credit facility.

Each quarter, our Board of Directors considers whether to approve the payment, as well as the amount, of a dividend. There are no material restrictions on our ability to declare dividends. We expect to continue to pay a quarterly dividend; however, no assurances can be given.

Contractual Obligations and Off-Balance Sheet Arrangements

As of March 31, 2022, we have entered into real estate and equipment leases with aggregate payments of $107 million and terms ranging from four to eight years that have not commenced. These leases are expected to commence in 2022.

At March 31, 2022, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a material effect on our financial condition, results of operations or liquidity.

Regulatory Matters

There have been no significant changes to the regulatory matters disclosed in our 2021 Annual Report.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

There were no material changes to the disclosures made in our 2021 Annual Report.

Item 4: Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures are also designed to reasonably ensure that such information is accumulated and communicated to management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), to allow timely decisions regarding disclosures.

With the participation of our CEO and CFO, management evaluated our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) and internal controls over financial reporting as of the end of the period covered by this report. Our CEO and CFO concluded that, as of the end of the period covered by this report, such disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the required time periods. In addition, no changes in internal control over financial reporting occurred during the quarter covered by this report that materially affected, or are reasonably likely to materially affect, such internal control over financial reporting. Further, we have not experienced any material impact to our internal controls over financial reporting given that most of our employees are working remotely due to COVID-19.

It should be noted that any system of controls is based in part upon certain assumptions designed to obtain reasonable (and not absolute) assurance as to its effectiveness, and there can be no assurance that any design will succeed in achieving its stated goals. Notwithstanding this caution, the CEO and CFO have reasonable assurance that the disclosure controls and procedures were effective as of March 31, 2022.

PART II. OTHER INFORMATION

Item 1: Legal Proceedings

See Note 13 to the Condensed Consolidated Financial Statements.

Item 1A: Risk Factors

There were no material changes to the risk factors identified in our 2021 Annual Report.

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds

Repurchases of Equity Securities

We periodically repurchase shares of our common stock in the open market to manage the dilution created by shares issued under employee stock plans and for other purposes. The following table provides information about purchases of our common stock during the three months ended March 31, 2022:

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in thousands)
Beginning balance				$16,022
January 2022	—	$ —	—	$16,022
February 2022	2,354,432	$ 4.88	2,354,432	$4,533
March 2022	395,568	$ 4.95	395,568	$2,576
	2,750,000	$ 4.89	2,750,000	

Item 6: Exhibits

Exhibit Number	Description	Exhibit Number in this Form 10-Q
3(i)(a)	Amended and Restated Certificate of Incorporation of Pitney Bowes Inc. (incorporated by reference to Exhibit 3(i)(a) to the Form 8-K filed with the Commission on September 30, 2019)	3(i)(a)
3	Pitney Bowes Inc. Amended and Restated By-laws effective May 13, 2013 (incorporated by reference to Exhibit 3 to the Form 8-K filed with the Commission on May 15, 2013)	3
31.1	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended	31.1
31.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended	31.2
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350	32.1
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350	32.2
101.SCH	Inline XBRL Taxonomy Extension Schema Document	
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document	
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document	
101.LAB	Inline XBRL Taxonomy Label Linkbase Document	
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document	
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in Inline XBRL. (included as Exhibit 101).	

* Pursuant to Item 601(a)(5) of Regulation S-K, certain exhibits and schedules have been omitted. The registrant hereby agrees to furnish supplementally a copy of any omitted attachment to the SEC upon request.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PITNEY BOWES INC.

Date: May 5, 2022

/s/ Ana Maria Chadwick

Ana Maria Chadwick
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

/s/ Joseph R. Catapano

Joseph R. Catapano
Vice President and Chief Accounting Officer
(Duly Authorized Officer and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marc B. Lautenbach, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pitney Bowes Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Marc B. Lautenbach

Marc B. Lautenbach

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ana Maria Chadwick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pitney Bowes Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2022

/s/ Ana Maria Chadwick

Ana Maria Chadwick

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pitney Bowes Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Marc B. Lautenbach, President and Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Marc B. Lautenbach
Marc B. Lautenbach
President and Chief Executive Officer

Date: May 5, 2022

The foregoing certification is being furnished solely to accompany this report pursuant to 18 U.S.C. §1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company.

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pitney Bowes Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ana Maria Chadwick, Executive Vice President, Chief Operating Officer and Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ana Maria Chadwick

Ana Maria Chadwick

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Date: May 5, 2022

The foregoing certification is being furnished solely to accompany this report pursuant to 18 U.S.C. §1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company.