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 September 30, 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 October 25, 2022, 174,004,015 shares of common stock, par value $1 per share, of the registrant were outstanding.

PITNEY BOWES INC.
INDEX

		Page Number
Part I - Financial Information:		
Item 1:	Financial Statements	
	Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2022 and 2021	3
	Condensed Consolidated Statements of Comprehensive Loss for the Three and Nine Months Ended September 30, 2022 and 2021	4
	Condensed Consolidated Balance Sheets at September 30, 2022 and December 31, 2021	5
	Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2022 and 2021	6
	Notes to Condensed Consolidated Financial Statements	7
Item 2:	Management's Discussion and Analysis of Financial Condition and Results of Operations	31
Item 3:	Quantitative and Qualitative Disclosures about Market Risk	40
Item 4:	Controls and Procedures	41
Part II - Other Information:		
Item 1:	Legal Proceedings	41
Item 1A:	Risk Factors	41
Item 2:	Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 6:	Exhibits	42
Signatures		43

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 September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Revenue:				
Business services	**$ 518,405**	$ 551,384	**$ 1,667,267**	$ 1,688,860
Support services	**107,642**	113,413	**325,619**	347,266
Financing	**67,757**	71,936	**207,084**	223,201
Equipment sales	**83,528**	83,234	**262,810**	256,304
Supplies	**37,455**	38,211	**116,761**	119,090
Rentals	**16,127**	17,271	**49,810**	55,128
Total revenue	**830,914**	875,449	**2,629,351**	2,689,849
Costs and expenses:				
Cost of business services	**452,715**	472,216	**1,433,474**	1,454,564
Cost of support services	**36,618**	38,250	**111,463**	112,646
Financing interest expense	**13,692**	11,710	**37,827**	35,369
Cost of equipment sales	**60,595**	62,221	**188,181**	185,622
Cost of supplies	**10,529**	10,705	**33,074**	32,383
Cost of rentals	**6,270**	6,480	**19,052**	18,940
Selling, general and administrative	**209,576**	225,024	**678,999**	699,316
Research and development	**9,812**	10,621	**32,400**	32,996
Restructuring charges	**4,264**	3,701	**12,672**	11,434
Interest expense, net	**23,685**	24,312	**66,816**	73,816
Other components of net pension and postretirement cost	**1,427**	46	**3,229**	708
Other (income) expense	**(8,398)**	3,193	**(20,299)**	40,941
Total costs and expenses	**820,785**	868,479	**2,596,888**	2,698,735
Income (loss) from continuing operations before taxes	**10,129**	6,970	**32,463**	(8,886)
Provision (benefit) for income taxes	**4,642**	(1,525)	**1,819**	(10,602)
Income from continuing operations	**5,487**	8,495	**30,644**	1,716
Income (loss) from discontinued operations, net of tax	**—**	572	**—**	(4,334)
Net income (loss)	**$ 5,487**	$ 9,067	**$ 30,644**	$ (2,618)
Basic earnings (loss) per share [(1)]:				
Continuing operations	**$ 0.03**	$ 0.05	**$ 0.18**	$ 0.01
Discontinued operations	**—**	—	**—**	(0.02)
Net income (loss)	**$ 0.03**	$ 0.05	**$ 0.18**	$ (0.02)
Diluted earnings (loss) per share [(1)]:				
Continuing operations	**$ 0.03**	$ 0.05	**$ 0.17**	$ 0.01
Discontinued operations	**—**	—	**—**	(0.02)
Net income (loss)	**$ 0.03**	$ 0.05	**$ 0.17**	$ (0.02)

[(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 LOSS
(Unaudited; in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Net income (loss)	**$ 5,487**	$ 9,067	**$ 30,644**	$ (2,618)
Other comprehensive loss, net of tax:				
Foreign currency translation, net of tax of $(2,393), $(1,062), $(5,466) and $(765), respectively	**(56,419)**	(18,175)	**(122,122)**	(28,924)
Net unrealized gain on cash flow hedges, net of tax of $963, $17, $3,138 and $1,152, respectively	**2,853**	50	**9,415**	3,474
Net unrealized loss on investment securities, net of tax of $(2,545), $(467), $(11,353) and $(2,117), respectively	**(9,583)**	(1,408)	**(36,148)**	(6,385)
Amortization of pension and postretirement costs, net of tax of $2,461, $3,097, $6,792 and $9,608, respectively	**7,749**	9,606	**23,714**	29,736
Other comprehensive loss, net of tax	**(55,400)**	(9,927)	**(125,141)**	(2,099)
Comprehensive loss	**$ (49,913)**	$ (860)	**$ (94,497)**	$ (4,717)

See Notes to Condensed Consolidated Financial Statements

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

	September 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 596,647**	$ 732,480
Short-term investments (includes $2,058 and $2,658, respectively, reported at fair value)	**10,014**	14,440
Accounts and other receivables (net of allowance of $5,910 and $11,168, respectively)	**287,751**	334,630
Short-term finance receivables (net of allowance of $10,518 and $12,812, respectively)	**551,476**	560,680
Inventories	**89,946**	78,588
Current income taxes	**27,442**	13,894
Other current assets and prepayments	**146,636**	157,341
Total current assets	**1,709,912**	1,892,053
Property, plant and equipment, net	**427,958**	429,162
Rental property and equipment, net	**28,451**	34,774
Long-term finance receivables (net of allowance of $11,047 and $13,406 respectively)	**597,198**	587,427
Goodwill	**1,045,940**	1,135,103
Intangible assets, net	**79,399**	132,442
Operating lease assets	**259,248**	208,428
Noncurrent income taxes	**56,339**	68,398
Other assets (includes $228,346 and $318,754, respectively, reported at fair value)	**388,704**	471,084
Total assets	**$ 4,593,149**	$ 4,958,871
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 766,170**	$ 922,543
Customer deposits at Pitney Bowes Bank	**663,420**	632,062
Current operating lease liabilities	**45,761**	40,299
Current portion of long-term debt	**27,133**	24,739
Advance billings	**94,100**	99,280
Current income taxes	**2,051**	9,017
Total current liabilities	**1,598,635**	1,727,940
Long-term debt	**2,189,566**	2,299,099
Deferred taxes on income	**273,455**	286,445
Tax uncertainties and other income tax liabilities	**31,566**	31,935
Noncurrent operating lease liabilities	**239,788**	192,092
Other noncurrent liabilities	**268,415**	308,728
Total liabilities	**4,601,425**	4,846,239
Commitments and contingencies (See Note 13)		
Stockholders' (deficit) equity:		
Common stock, $1 par value (480,000 shares authorized; 323,338 shares issued)	**323,338**	323,338
Additional paid-in capital	**—**	2,485
Retained earnings	**5,128,030**	5,169,270
Accumulated other comprehensive loss	**(905,453)**	(780,312)
Treasury stock, at cost (149,353 and 148,607 shares, respectively)	**(4,554,191)**	(4,602,149)
Total stockholders' (deficit) equity	**(8,276)**	112,632
Total liabilities and stockholders' (deficit) equity	**$ 4,593,149**	$ 4,958,871

See Notes to Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	**$ 30,644**	$ (2,618)
Loss from discontinued operations, net of tax	**—**	4,334
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	**124,752**	121,225
Allowance for credit losses	**6,355**	6,382
Stock-based compensation	**15,237**	15,448
Amortization of debt fees	**6,737**	5,694
Loss on debt redemption/refinancing	**4,993**	55,576
Restructuring charges	**12,672**	11,434
Restructuring payments	**(11,761)**	(14,847)
Pension contributions and retiree medical payments	**(23,411)**	(22,941)
Gain on sale of assets	**(14,372)**	(1,434)
Gain on sale of businesses	**(10,920)**	(10,201)
Changes in operating assets and liabilities, net of acquisitions/divestitures:		
Accounts and other receivables	**24,895**	62,537
Finance receivables	**(1,125)**	31,893
Inventories	**(12,233)**	(4,304)
Other current assets and prepayments	**(22,234)**	(8,900)
Accounts payable and accrued liabilities	**(120,993)**	(7,332)
Current and noncurrent income taxes	**(14,633)**	(14,294)
Advance billings	**(774)**	(9,402)
Other, net	**15,400**	(2,076)
Net cash from operating activities	**9,229**	216,174
Cash flows from investing activities:		
Capital expenditures	**(97,533)**	(140,907)
Purchases of investment securities	**(5,722)**	(70,896)
Proceeds from sales/maturities of investment securities	**24,835**	78,941
Net investment in loan receivables	**(31,101)**	(6,627)
Proceeds from asset sales	**50,766**	1,840
Proceeds from sale of businesses	**109,326**	27,573
Acquisitions	**(1,154)**	—
Settlement of derivative contracts	**(48,987)**	—
Other investing activities	**15,961**	—
Net cash from investing activities - continuing operations	**16,391**	(110,076)
Net cash from investing activities - discontinued operations	**—**	(1,610)
Net cash from investing activities	**16,391**	(111,686)
Cash flows from financing activities:		
Proceeds from the issuance of debt, net of discount	**—**	1,195,500
Principal payments of debt	**(112,965)**	(1,429,603)
Premiums and fees paid to redeem/refinance debt	**(4,759)**	(50,130)
Dividends paid to stockholders	**(26,013)**	(26,050)
Customer deposits at Pitney Bowes Bank	**31,359**	25,512
Common stock repurchases	**(13,446)**	—
Other financing activities	**(10,356)**	(7,078)
Net cash from financing activities	**(136,180)**	(291,849)
Effect of exchange rate changes on cash and cash equivalents	**(25,273)**	(4,940)
Change in cash and cash equivalents	**(135,833)**	(192,301)
Cash and cash equivalents at beginning of period	**732,480**	921,450
Cash and cash equivalents at end of period	**$ 596,647**	$ 729,149

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).

Effective July 1, 2022, we sold our Borderfree cross-border ecommerce solutions business (Borderfree) that was reported in the Global Ecommerce segment. Prior year results have not been recast to exclude the revenue and expenses from Borderfree, impacting the comparison of current year results to the prior year periods. Accordingly, no revenue was recognized for Borderfree in the third quarter of 2022, whereas revenue for the third quarter of 2021 includes $14 million from Borderfree. Net income of Borderfree for the third quarter of 2021 was not significant.

Pre-tax income for the three months ended September 30, 2022 included a charge of $2 million and pre-tax income for the nine months ended September 30, 2022 included a benefit of $3 million to correct misstatements related to prior periods. The impact of these misstatements was 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 and the risk of a global recession continues to impact how we and our clients conduct business. The impacts on our business remain unpredictable and accordingly, we are not able to reasonably estimate the full extent of their impact 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 finance 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 September 30, 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	**$ 354,326**	**$ 144,824**	**$ 19,255**	**$ 518,405**	**$ —**	**$ 518,405**
Support services	**—**	**—**	**107,642**	**107,642**	**—**	**107,642**
Financing	**—**	**—**	**—**	**—**	**67,757**	**67,757**
Equipment sales	**—**	**—**	**20,389**	**20,389**	**63,139**	**83,528**
Supplies	**—**	**—**	**37,455**	**37,455**	**—**	**37,455**
Rentals	**—**	**—**	**—**	**—**	**16,127**	**16,127**
Subtotal	**354,326**	**144,824**	**184,741**	**683,891**	**$ 147,023**	**$ 830,914**
Revenue from leasing transactions and financing	**—**	**—**	**147,023**	**147,023**		
Total revenue	**$ 354,326**	**$ 144,824**	**$ 331,764**	**$ 830,914**		
Timing of revenue recognition from products and services						
Products/services transferred at a point in time	**$ —**	**$ —**	**$ 76,667**	**$ 76,667**		
Products/services transferred over time	**354,326**	**144,824**	**108,074**	**607,224**		
Total	**$ 354,326**	**$ 144,824**	**$ 184,741**	**$ 683,891**		

	Three Months Ended September 30, 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	$ 398,011	$ 139,296	$ 14,077	$ 551,384	$ —	$ 551,384
Support services	—	—	113,413	113,413	—	113,413
Financing	—	—	—	—	71,936	71,936
Equipment sales	—	—	25,089	25,089	58,145	83,234
Supplies	—	—	38,211	38,211	—	38,211
Rentals	—	—	—	—	17,271	17,271
Subtotal	398,011	139,296	190,790	728,097	$ 147,352	$ 875,449
Revenue from leasing transactions and financing	—	—	147,352	147,352		
Total revenue	$ 398,011	$ 139,296	$ 338,142	$ 875,449		
Timing of revenue recognition from products and services						
Products/services transferred at a point in time	$ —	$ —	$ 81,205	$ 81,205		
Products/services transferred over time	398,011	139,296	109,585	646,892		
Total	$ 398,011	$ 139,296	$ 190,790	$ 728,097		

	Nine Months Ended September 30, 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	**$ 1,166,623**	**$ 444,302**	**$ 56,342**	**$ 1,667,267**	**$ —**	**$ 1,667,267**
Support services	**—**	**—**	**325,619**	**325,619**	**—**	**325,619**
Financing	**—**	**—**	**—**	**—**	**207,084**	**207,084**
Equipment sales	**—**	**—**	**63,088**	**63,088**	**199,722**	**262,810**
Supplies	**—**	**—**	**116,761**	**116,761**	**—**	**116,761**
Rentals	**—**	**—**	**—**	**—**	**49,810**	**49,810**
Subtotal	**1,166,623**	**444,302**	**561,810**	**2,172,735**	**$ 456,616**	**$ 2,629,351**
Revenue from leasing transactions and financing	**—**	**—**	**456,616**	**456,616**		
Total revenue	**$ 1,166,623**	**$ 444,302**	**$ 1,018,426**	**$ 2,629,351**		
Timing of revenue recognition from products and services						
Products/services transferred at a point in time	**$ —**	**$ —**	**$ 231,194**	**$ 231,194**		
Products/services transferred over time	**1,166,623**	**444,302**	**330,616**	**1,941,541**		
Total	**$ 1,166,623**	**$ 444,302**	**$ 561,810**	**$ 2,172,735**		

	Nine Months Ended September 30, 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	$ 1,229,526	$ 417,041	$ 42,293	$ 1,688,860	$ —	$ 1,688,860
Support services	—	—	347,266	347,266	—	347,266
Financing	—	—	—	—	223,201	223,201
Equipment sales	—	—	66,600	66,600	189,704	256,304
Supplies	—	—	119,090	119,090	—	119,090
Rentals	—	—	—	—	55,128	55,128
Subtotal	1,229,526	417,041	575,249	2,221,816	$ 468,033	$ 2,689,849
Revenue from leasing transactions and financing	—	—	468,033	468,033		
Total revenue	$ 1,229,526	$ 417,041	$ 1,043,282	$ 2,689,849		
Timing of revenue recognition from products and services						
Products/services transferred at a point in time	$ —	$ —	$ 236,016	$ 236,016		
Products/services transferred over time	1,229,526	417,041	339,233	1,985,800		
Total	$ 1,229,526	$ 417,041	$ 575,249	$ 2,221,816		

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 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	September 30, 2022	December 31, 2021	Increase/ (decrease)
Advance billings, current	Advance billings	**$ 86,648**	$ 92,926	$ (6,278)
Advance billings, noncurrent	Other noncurrent liabilities	**$ 931**	$ 1,109	$ (178)

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 $89 million of advance billings at the beginning of the period. Advance billings, current, reported on the Condensed Consolidated Balance Sheets at September 30, 2022 and December 31, 2021 also includes $7 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	$ 75,374	$ 241,706	$ 359,275	$ 676,355

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 a reconciliation of segment EBIT to net income (loss).

	Revenue			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Global Ecommerce	**$ 354,326**	$ 398,011	**$ 1,166,623**	$ 1,229,526
Presort Services	**144,824**	139,296	**444,302**	417,041
SendTech Solutions	**331,764**	338,142	**1,018,426**	1,043,282
Total revenue	**$ 830,914**	$ 875,449	**$ 2,629,351**	$ 2,689,849

	EBIT			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Global Ecommerce	**$ (34,881)**	$ (20,950)	**$ (77,402)**	$ (58,157)
Presort Services	**20,561**	21,062	**53,044**	56,247
SendTech Solutions	**95,234**	98,950	**295,374**	320,541
Total segment EBIT	**80,914**	99,062	**271,016**	318,631
Reconciliation of Segment EBIT to net income (loss):				
Unallocated corporate expenses	**(42,908)**	(49,176)	**(141,537)**	(162,957)
Restructuring charges	**(4,264)**	(3,701)	**(12,672)**	(11,434)
Interest expense, net	**(37,377)**	(36,022)	**(104,643)**	(109,185)
Loss on debt redemption/refinancing	**—**	(3,193)	**(4,993)**	(55,576)
Gain on sale of businesses, including transaction costs	**13,764**	—	**10,920**	10,201
Gain on sale of assets	**—**	—	**14,372**	1,434
(Provision) benefit for income taxes	**(4,642)**	1,525	**(1,819)**	10,602
Income from continuing operations	**5,487**	8,495	**30,644**	1,716
Income (loss) from discontinued operations, net of tax	**—**	572	**—**	(4,334)
Net income (loss)	**$ 5,487**	$ 9,067	**$ 30,644**	$ (2,618)

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 and $9 million for the three and nine months ended September 30, 2022, respectively.

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 September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Numerator:				
Income from continuing operations	**$ 5,487**	$ 8,495	**$ 30,644**	$ 1,716
Income (loss) from discontinued operations, net of tax	**—**	572	**—**	(4,334)
Net income (loss)	**$ 5,487**	$ 9,067	**$ 30,644**	$ (2,618)
Denominator:				
Weighted-average shares used in basic EPS	**173,847**	174,399	**173,881**	173,691
Dilutive effect of common stock equivalents	**3,119**	5,010	**3,537**	5,258
Weighted-average shares used in diluted EPS	**176,966**	179,409	**177,418**	178,949
Basic earnings (loss) per share:				
Continuing operations	**$ 0.03**	$ 0.05	**$ 0.18**	$ 0.01
Discontinued operations	**—**	—	**—**	(0.02)
Net income (loss)	**$ 0.03**	$ 0.05	**$ 0.18**	$ (0.02)
Diluted earnings (loss) per share:				
Continuing operations	**$ 0.03**	$ 0.05	**$ 0.17**	$ 0.01
Discontinued operations	**—**	—	**—**	(0.02)
Net income (loss)	**$ 0.03**	$ 0.05	**$ 0.17**	$ (0.02)
Common stock equivalents excluded from calculation of diluted earnings per share because their impact would be anti-dilutive:	**13,967**	6,529	**9,573**	6,529

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:

	September 30, 2022	December 31, 2021
Raw materials	**$ 28,763**	$ 22,352
Supplies and service parts	**28,272**	26,076
Finished products	**32,911**	30,160
Total inventory, net	**$ 89,946**	$ 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:

	September 30, 2022			December 31, 2021		
	North America	**International**	**Total**	North America	International	Total
Sales-type lease receivables						
Gross finance receivables	**$ 958,672**	**$ 143,949**	**$ 1,102,621**	$ 958,440	$ 187,831	$ 1,146,271
Unguaranteed residual values	**38,775**	**8,452**	**47,227**	37,896	10,717	48,613
Unearned income	**(237,090)**	**(44,762)**	**(281,852)**	(246,381)	(56,643)	(303,024)
Allowance for credit losses	**(15,178)**	**(2,294)**	**(17,472)**	(19,546)	(3,246)	(22,792)
Net investment in sales-type lease receivables	**745,179**	**105,345**	**850,524**	730,409	138,659	869,068
Loan receivables						
Loan receivables	**284,851**	**17,392**	**302,243**	262,310	20,155	282,465
Allowance for credit losses	**(3,940)**	**(153)**	**(4,093)**	(3,259)	(167)	(3,426)
Net investment in loan receivables	**280,911**	**17,239**	**298,150**	259,051	19,988	279,039
Net investment in finance receivables	**$ 1,026,090**	**$ 122,584**	**$ 1,148,674**	$ 989,460	$ 158,647	$ 1,148,107

Maturities of gross finance receivables at September 30, 2022 were as follows:

	Sales-type Lease Receivables			Loan Receivables		
	North America	**International**	**Total**	**North America**	**International**	**Total**
Remainder 2022	$ 99,920	$ 35,447	$ 135,367	$ 218,060	$ 17,392	$ 235,452
2023	344,805	45,106	389,911	24,440	—	24,440
2024	248,361	29,764	278,125	19,163	—	19,163
2025	157,126	17,153	174,279	13,728	—	13,728
2026	84,395	8,005	92,400	6,738	—	6,738
Thereafter	24,065	8,474	32,539	2,722	—	2,722
Total	$ 958,672	$ 143,949	$ 1,102,621	$ 284,851	$ 17,392	$ 302,243

Aging of Receivables

The aging of gross finance receivables was as follows:

	September 30, 2022				
	Sales-type Lease Receivables		Loan Receivables		
	North America	International	North America	International	Total
Past due amounts 0 - 90 days	**$ 951,668**	**$ 141,685**	**$ 279,381**	**$ 17,292**	**$ 1,390,026**
Past due amounts > 90 days	**7,004**	**2,264**	**5,470**	**100**	**14,838**
Total	**$ 958,672**	**$ 143,949**	**$ 284,851**	**$ 17,392**	**$ 1,404,864**
Past due amounts > 90 days					
Still accruing interest	**$ 3,450**	**$ 460**	**$ —**	**$ —**	**$ 3,910**
Not accruing interest	**3,554**	**1,804**	**5,470**	**100**	**10,928**
Total	**$ 7,004**	**$ 2,264**	**$ 5,470**	**$ 100**	**$ 14,838**

	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.

We established credit approval limits based on the credit quality of the client and the type of equipment financed. We cease recognition of financing revenue for lease receivables greater than 120 days past due and for unsecured loan receivables greater 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	**(1,913)**	**189**	**2,459**	**259**	**994**
Write-offs	**(4,625)**	**(587)**	**(3,684)**	**(212)**	**(9,108)**
Recoveries	**2,273**	**35**	**1,916**	**1**	**4,225**
Other	**(103)**	**(589)**	**(10)**	**(62)**	**(764)**
Balance at September 30, 2022	**$ 15,178**	**$ 2,294**	**$ 3,940**	**$ 153**	**$ 21,565**

	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	1,959	(1,019)	(979)	33	(6)
Write-offs	(4,816)	(773)	(4,748)	(251)	(10,588)
Recoveries	2,256	(16)	2,615	3	4,858
Other	5	(221)	1	(11)	(226)
Balance at September 30, 2021	$ 22,321	$ 3,977	$ 3,373	$ 236	$ 29,907

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 less than 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.

	September 30, 2022							
	Sales Type Lease Receivables							
	2022	2021	2020	2019	2018	Prior	Loan Receivables	Total
Low	$ 223,341	$ 221,574	$ 154,974	$ 111,735	$ 45,866	$ 18,304	$ 209,962	$ 985,756
Medium	40,718	40,787	27,057	22,799	10,015	3,925	60,906	206,207
High	4,511	4,079	3,162	2,108	1,171	618	5,206	20,855
Not Scored	47,544	54,868	31,463	22,411	8,905	686	26,169	192,046
Total	$ 316,114	$ 321,308	$ 216,656	$ 159,053	$ 65,957	$ 23,533	$ 302,243	$ 1,404,864

	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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Profit recognized at commencement	$ 31,576	$ 28,394	$ 100,951	$ 92,756
Interest income	40,480	45,806	123,783	142,072
Total lease income from sales-type leases	$ 72,056	$ 74,200	$ 224,734	$ 234,828

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	$ 8,884
2023	20,926
2024	17,478
2025	9,296
2026	3,028
Thereafter	935
Total	$ 60,547

7. Acquisition, Divestiture, Intangible Assets and Goodwill

Acquisition/Divestiture

In the second quarter of 2022, we entered into a definitive agreement to sell the Borderfree business. The sale closed on July 1, 2022 and we received proceeds of $93 million, net of cash transferred, and recognized a pre-tax gain of $4 million (see Note 16). During the quarter, we also received additional proceeds of $7 million related to the 2021 sale of a business and recognized a pre-tax gain of $4 million and acquired Pittsburgh Mailing Systems, Inc. for $1 million, which is reported in our Presort Services segment.

Intangible Assets

Intangible assets consisted of the following:

	September 30, 2022			December 31, 2021		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	**$ 153,436**	**$ (76,408)**	**$ 77,028**	$ 268,187	$ (141,492)	$ 126,695
Software & technology	**21,798**	**(19,427)**	**2,371**	21,981	(16,234)	5,747
Total intangible assets	**$ 175,234**	**$ (95,835)**	**$ 79,399**	$ 290,168	$ (157,726)	$ 132,442

Amortization expense for the three months ended September 30, 2022 and 2021 was $5 million and $8 million, respectively and amortization expense for the nine months ended September 30, 2022 and 2021 was $20 million and $23 million, respectively.

Future amortization expense as of September 30, 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	$ 3,854
2023	15,416
2024	15,416
2025	15,212
2026	14,223
Thereafter	15,278
Total	$ 79,399

Goodwill

Goodwill is tested annually for impairment at the reporting unit level during the fourth quarter or sooner if circumstances indicate an impairment may exist. The impairment test for goodwill determines the fair value of each reporting unit and compares it to the reporting unit's carrying value, including goodwill. If the fair value of a reporting unit exceeds the carrying value of the net assets assigned to that reporting unit, goodwill is not impaired and no further testing is required. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, the goodwill impairment loss is calculated as the difference between these amounts, limited to the amount of goodwill allocated to the reporting unit.

We determined that the agreement to sell Borderfree was a triggering event that indicated an impairment may exist. Accordingly, we performed a goodwill impairment test of the Global Ecommerce reporting unit to assess the recoverability of goodwill. We engaged a third-party to assist in the determination of the fair value of the reporting unit.

The results of our test indicated that no impairment existed; however, the estimated fair value of the Global Ecommerce reporting unit exceeded its carrying value by less than 20%. The determination of fair value relied on internal projections developed using numerous estimates and assumptions that are inherently subject to significant uncertainties. These estimates and assumptions included revenue growth, profitability, cash flows, capital spending and other available information. The determination of fair value also incorporated a risk-adjusted discount rate, terminal growth rates and other assumptions that market participants may use. Changes in any of these estimates or assumptions could materially affect the determination of fair value and potentially result in an impairment charge in the future. These estimates and assumptions are considered Level 3 inputs under the fair value hierarchy.

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

	December 31, 2021	**Disposition**	**Currency impact**	**September 30, 2022**
Global Ecommerce	$ 395,062	**$ (55,878)**	**$ —**	**$ 339,184**
Presort Services	220,992	—	—	**220,992**
SendTech Solutions	519,049	—	**(33,285)**	**485,764**
Total goodwill	$ 1,135,103	**$ (55,878)**	**$ (33,285)**	**$ 1,045,940**

The disposition of $56 million represents goodwill allocated to Borderfree. Global Ecommerce goodwill is net of accumulated goodwill impairment charges of $198 million at September 30, 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.

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities				
Money market funds	$ 24,250	$ 164,584	$ —	$ 188,834
Equity securities	—	14,426	—	14,426
Commingled fixed income securities	1,509	7,784	—	9,293
Government and related securities	8,665	18,249	—	26,914
Corporate debt securities	—	51,081	—	51,081
Mortgage-backed / asset-backed securities	—	128,606	—	128,606
Derivatives				
Interest rate swap	—	15,966	—	15,966
Foreign exchange contracts	—	7,302	—	7,302
Total assets	$ 34,424	$ 407,998	$ —	$ 442,422
Liabilities:				
Derivatives				
Foreign exchange contracts	$ —	$ (2,810)	$ —	$ (2,810)
Total liabilities	$ —	$ (2,810)	$ —	$ (2,810)

	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 Securities*: 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 nine months ended September 30, 2022.

Available-for-sale securities consisted of the following:

	September 30, 2022			
	Amortized cost	**Gross unrealized gains**	**Gross unrealized losses**	**Estimated fair value**
Government and related securities	**$ 35,855**	**$ 12**	**$ (8,953)**	**$ 26,914**
Corporate debt securities	**66,657**	**—**	**(15,576)**	**51,081**
Commingled fixed income securities	**1,742**	**—**	**(233)**	**1,509**
Mortgage-backed / asset-backed securities	**159,475**	**—**	**(30,869)**	**128,606**
Total	**$ 263,729**	**$ 12**	**$ (55,631)**	**$ 208,110**

	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:

	September 30, 2022		December 31, 2021	
	Fair Value	**Gross unrealized losses**	Fair Value	Gross unrealized losses
Greater than 12 continuous months				
Government and related securities	**$ 16,937**	**$ 2,930**	$ 16,018	$ 579
Corporate debt securities	**47,386**	**15,261**	51,385	2,658
Commingled fixed income securities	**—**	**—**	—	—
Mortgage-backed / asset-backed securities	**115,616**	**29,384**	135,441	4,057
Total	**$ 179,939**	**$ 47,575**	$ 202,844	$ 7,294
Less than 12 continuous months				
Government and related securities	**$ 9,530**	**$ 6,023**	$ 15,438	$ 433
Corporate debt securities	**3,686**	**315**	8,859	339
Commingled fixed income securities	**1,509**	**233**	1,692	33
Mortgage-backed / asset-backed securities	**12,990**	**1,485**	30,754	629
Total	**$ 27,715**	**$ 8,056**	$ 56,743	$ 1,434

At September 30, 2022, 99% 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 September 30, 2022 were as follows:

	Amortized cost	Estimated fair value
Within 1 year	$ 2,295	$ 2,058
After 1 year through 5 years	15,812	14,116
After 5 years through 10 years	72,928	57,703
After 10 years	172,694	134,233
Total	$ 263,729	$ 208,110

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 September 30, 2022 and December 31, 2021 totaled $21 million and $20 million, respectively.

Simple Agreement for Future Equity (SAFE) Investment

In October 2022, we invested $10 million in Ambi Robotics Inc., a robotics solutions company, via a SAFE arrangement. The SAFE investment provides us the right to participate in future equity offerings by Ambi Robotics Inc. The investment will be carried at cost and the carrying value of the investment could be increased or decreased based on future observable transactions by Ambi Robotics Inc.

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 both September 30, 2022 and December 31, 2021, outstanding contracts associated with these anticipated transactions had a notional value of $1 million. Amounts included in AOCL at September 30, 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	September 30, 2022	December 31, 2021
Derivatives designated as hedging instruments			
Foreign exchange contracts	Other current assets and prepayments	**$ 125**	$ 21
	Accounts payable and accrued liabilities	**—**	(10)
Interest rate swaps	Other assets	**15,966**	3,103
Derivatives not designated as hedging instruments			
Foreign exchange contracts	Other current assets and prepayments	**7,177**	2,453
	Accounts payable and accrued liabilities	**(2,810)**	(294)
	Total derivative assets	**$ 23,268**	$ 5,577
	Total derivative liabilities	**(2,810)**	(304)
	Total net derivative asset	**$ 20,458**	$ 5,273

Results of cash flow hedging relationships were as follows:

	Three Months Ended September 30,				
	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	**$ 134**	$ 41	Revenue	**$ —**	$ 45
			Cost of sales	**80**	(21)
Interest rate swap	**3,936**	186	Interest expense	**137**	—
	$ 4,070	$ 227		**$ 217**	$ 24

	Nine Months Ended September 30,				
	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	**$ 257**	$ 215	Revenue	**$ —**	$ 289
			Cost of sales	**143**	(126)
Interest rate swap	**12,863**	2,794	Interest expense	**412**	—
	$ 13,120	$ 3,009		**$ 555**	$ 163

Nondesignated Derivative Instruments

We also enter into foreign exchange contracts to minimize the impact on earnings from the revaluation of short-term intercompany loans and related interest denominated in a foreign currency. These foreign exchange contracts are not designated as hedging instruments. Accordingly, the revaluation of intercompany loans and interest and the change in fair value of these derivatives are recorded in earnings. All outstanding contracts at September 30, 2022 mature within 3 months.

The impact on earnings from the change in fair value of these foreign exchange contracts, exclusive of the corresponding impact on earnings from the revaluation of the intercompany loans and related interest, was as follows:

		Three Months Ended September 30,	
		Derivative Gain (Loss) Recognized in Earnings	
Derivatives Instrument	Location of Derivative Gain (Loss)	2022	2021
Foreign exchange contracts	Selling, general and administrative expense	**$ (24,116)**	$ (5,592)

		Nine Months Ended September 30,	
		Derivative Gain (Loss) Recognized in Earnings	
Derivatives Instrument	Location of Derivative Gain (Loss)	2022	2021
Foreign exchange contracts	Selling, general and administrative expense	**$ (45,299)**	$ (4,524)

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:

	September 30, 2022	December 31, 2021
Carrying value	**$ 2,216,699**	$ 2,323,838
Fair value	**$ 1,732,053**	$ 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	**12,672**
Cash payments	**(11,761)**
Noncash activity	**(1,378)**
Balance at September 30, 2022	**$ 5,280**
Balance at January 1, 2021	$ 10,063
Amounts charged to expense	11,434
Cash payments	(14,847)
Noncash activity	(541)
Balance at September 30, 2021	$ 6,109

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	September 30, 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%	**356,250**	370,500
Notes due March 2027	6.875%	**400,000**	400,000
Term loan due March 2028	LIBOR + 4.0%	**443,250**	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		**2,758**	3,685
Principal amount		**2,251,548**	2,364,513
Less: unamortized costs, net		**34,849**	40,675
Total debt		**2,216,699**	2,323,838
Less: current portion long-term debt		**27,133**	24,739
Long-term debt		**$ 2,189,566**	$ 2,299,099

During 2022, we redeemed the April 2023 notes and recorded a $5 million pre-tax loss in connection with this redemption. We also made scheduled principal repayments of $18 million on our term loans. At September 30, 2022, the interest rate on the 2026 Term Loan was 4.9% and the interest rate of the 2028 Term Loan was 7.1%.

We have outstanding interest rate swaps that effectively convert $200 million of our variable rate debt to fixed rates. Under the terms of these 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.

The credit agreement that governs our $500 million secured revolving credit facility and term loans contains financial and non-financial covenants. At September 30, 2022, we were in compliance with all covenants and there were no outstanding borrowings under the revolving credit facility.

The PB Bank (the Bank), a wholly owned subsidiary, has become a member of the Federal Home Loan Bank (FHLB) of Des Moines. As a member, the Bank has access to certain credit products as a funding source known as "advances." As of September 30, 2022, the Bank had yet to apply for any advances. The Bank was required to purchase an equity interest in the FHLB of $1 million as a condition of membership. The investment is carried at cost as it does not have a readily determinable fair value as there is no actively traded market and investment is restricted to members only.

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 September 30,		Three Months Ended September 30,		Three Months Ended September 30,	
	2022	2021	**2022**	2021	**2022**	2021
Service cost	**$ 14**	$ 64	**$ 291**	$ 346	**$ 191**	$ 232
Interest cost	**11,072**	10,353	**3,270**	2,961	**884**	891
Expected return on plan assets	**(17,586)**	(18,883)	**(6,423)**	(7,979)	**—**	—
Amortization of prior service (credit) cost	**(11)**	(15)	**60**	67	**—**	32
Amortization of net actuarial loss	**8,317**	9,366	**1,625**	2,340	**(131)**	913
Settlement	**350**	—	**—**	—	**—**	—
Net periodic benefit cost (income)	**$ 2,156**	$ 885	**$ (1,177)**	$ (2,265)	**$ 944**	$ 2,068
Contributions to benefit plans	**$ 2,103**	$ 1,161	**$ 348**	$ 355	**$ 2,401**	$ 2,642

	Defined Benefit Pension Plans				Nonpension Postretirement Benefit Plans	
	United States		Foreign			
	Nine Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021	**2022**	2021
Service cost	**$ 62**	$ 195	**$ 978**	$ 1,055	**$ 549**	$ 682
Interest cost	**33,354**	31,842	**10,354**	8,929	**2,763**	2,816
Expected return on plan assets	**(53,311)**	(57,839)	**(20,437)**	(24,070)	**—**	—
Amortization of prior service (credit) cost	**(33)**	(45)	**192**	202	**—**	97
Amortization of net actuarial loss	**24,781**	28,643	**5,172**	7,065	**44**	3,068
Settlement	**350**	314	**—**	—	**—**	—
Net periodic benefit cost (income)	**$ 5,203**	$ 3,110	**$ (3,741)**	$ (6,819)	**$ 3,356**	$ 6,663
Contributions to benefit plans	**$ 4,401**	$ 4,020	**$ 8,961**	$ 9,379	**$ 10,049**	$ 9,542

12. Income Taxes

The effective tax rate for the three and nine months ended September 30, 2022, was 45.8% and 5.6%, respectively, and includes a charge of $2 million due to state tax legislation offset by a benefit of $1 million as a result of the finalization and filing of state income tax returns. The effective tax rate for the nine months ended September 30, 2022 also includes a tax benefit of $4 million on the pre-tax gain of $4 million from the sale of Borderfree as the tax basis was higher than book basis and a $1 million benefit associated with the 2019 sale of a business.

The effective tax rate for the three and nine months ended September 30, 2021 was (21.9)% and 119.3%, respectively, and includes a net tax benefit of $3 million from the resolution of tax matters partially offset by a charge from the filing of state income tax returns. The effective tax rate for the nine months ended September 30, 2021 also includes benefits of $5 million due to tax legislation in the U.K., a tax charge of $6 million on the pre-tax gain of $10 million from the sale of Tacit as the tax basis was lower than the book basis, a benefit of $3 million from an affiliate reorganization and $2 million from the vesting of restricted stock, partially offset by a charge of $1 million for the write-off of deferred tax assets associated with the expiration of out-of-the-money stock options.

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 20% 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 2017 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 September 30, 2022, we have entered into real estate and equipment leases with aggregate payments of $104 million and terms ranging from three to seven years that have not commenced.

14. Stockholders' (Deficit) Equity

Changes in stockholders' (deficit) equity were as follows:

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total (deficit) equity
Balance at July 1, 2022	**$ 323,338**	**$ —**	**$ 5,137,248**	**$ (850,053)**	**$ (4,566,379)**	**$ 44,154**
Net income	**—**	**—**	**5,487**	**—**	**—**	**5,487**
Other comprehensive loss	**—**	**—**	**—**	**(55,400)**	**—**	**(55,400)**
Dividends paid ($0.05 per common share)	**—**	**—**	**(8,700)**	**—**	**—**	**(8,700)**
Issuance of common stock	**—**	**(5,371)**	**(6,005)**	**—**	**12,188**	**812**
Stock-based compensation expense	**—**	**5,371**	**—**	**—**	**—**	**5,371**
Balance at September 30, 2022	**$ 323,338**	**$ —**	**$ 5,128,030**	**$ (905,453)**	**$ (4,554,191)**	**$ (8,276)**

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total equity
Balance at July 1, 2021	$ 323,338	$ 5,903	$ 5,172,185	$ (831,303)	$ (4,616,753)	$ 53,370
Net income	—	—	9,067	—	—	9,067
Other comprehensive loss	—	—	—	(9,927)	—	(9,927)
Dividends paid ($0.05 per common share)	—	—	(8,725)	—	—	(8,725)
Issuance of common stock	—	(6,610)	—	—	8,318	1,708
Stock-based compensation expense	—	3,170	—	—	—	3,170
Balance at September 30, 2021	$ 323,338	$ 2,463	$ 5,172,527	$ (841,230)	$ (4,608,435)	$ 48,663

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total (deficit) equity
Balance at January 1, 2022	**$ 323,338**	**$ 2,485**	**$ 5,169,270**	**$ (780,312)**	**$ (4,602,149)**	**$ 112,632**
Net income	**—**	**—**	**30,644**	**—**	**—**	**30,644**
Other comprehensive loss	**—**	**—**	**—**	**(125,141)**	**—**	**(125,141)**
Dividends paid ($0.15 per common share)	**—**	**—**	**(26,013)**	**—**	**—**	**(26,013)**
Issuance of common stock	**—**	**(17,722)**	**(45,871)**	**—**	**61,404**	**(2,189)**
Stock-based compensation expense	**—**	**15,237**	**—**	**—**	**—**	**15,237**
Repurchase of common stock	**—**	**—**	**—**	**—**	**(13,446)**	**(13,446)**
Balance at September 30, 2022	**$ 323,338**	**$ —**	**$ 5,128,030**	**$ (905,453)**	**$ (4,554,191)**	**$ (8,276)**

	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	$ 5,201,195	$ (839,131)	$ (4,687,509)	$ 66,395
Net loss	—	—	(2,618)	—	—	(2,618)
Other comprehensive loss	—	—	—	(2,099)	—	(2,099)
Dividends paid ($0.15 per common share)	—	—	(26,050)	—	—	(26,050)
Issuance of common stock	—	(81,487)	—	—	79,074	(2,413)
Stock-based compensation expense	—	15,448	—	—	—	15,448
Balance at September 30, 2021	$ 323,338	$ 2,463	$ 5,172,527	$ (841,230)	$ (4,608,435)	$ 48,663

15. Accumulated Other Comprehensive Loss

Reclassifications out of AOCL were as follows:

	Gain (Loss) Reclassified from AOCL			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Cash flow hedges				
Revenue	**$ —**	$ 45	**$ —**	$ 289
Cost of sales	**80**	(21)	**143**	(126)
Interest expense, net	**137**	(133)	**412**	(229)
Total before tax	**217**	(109)	**555**	(66)
Income tax provision (benefit)	**54**	(28)	**138**	(17)
Net of tax	**$ 163**	$ (81)	**$ 417**	$ (49)
Available-for-sale securities				
Financing revenue	**$ (3)**	$ (2)	**$ (9)**	$ (2)
Selling, general and administrative expense	**64**	(183)	**86**	76
Total before tax	**61**	(185)	**77**	74
Income tax provision (benefit)	**15**	(45)	**20**	19
Net of tax	**$ 46**	$ (140)	**$ 57**	$ 55
Pension and postretirement benefit plans				
Prior service costs	**(49)**	(84)	**$ (159)**	$ (254)
Actuarial losses	**(9,811)**	(12,619)	**(29,997)**	(38,776)
Settlement	**(350)**	—	**(350)**	(314)
Total before tax	**(10,210)**	(12,703)	**(30,506)**	(39,344)
Income tax benefit	**(2,461)**	(3,097)	**(6,792)**	(9,608)
Net of tax	**$ (7,749)**	$ (9,606)	**$ (23,714)**	$ (29,736)

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	**9,832**	**(36,091)**	—	**(122,122)**	**(148,381)**
Reclassifications into earnings	**(417)**	**(57)**	**23,714**	—	**23,240**
Net other comprehensive income (loss)	**9,415**	**(36,148)**	**23,714**	**(122,122)**	**(125,141)**
Balance at September 30, 2022	**$ 13,218**	**$ (42,397)**	**$ (732,925)**	**$ (143,349)**	**$ (905,453)**

	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	3,425	(6,330)	—	(28,924)	(31,829)
Reclassifications into earnings	49	(55)	29,736	—	29,730
Net other comprehensive income (loss)	3,474	(6,385)	29,736	(28,924)	(2,099)
Balance at September 30, 2021	$ 2,063	$ (5,983)	$ (821,327)	$ (15,983)	$ (841,230)

16. Supplemental Financial Statement Information

Activity in the allowance for credit losses on accounts receivables and other assets is presented below. See Note 7 for information regarding the allowance for credit losses on finance receivables.

	Nine Months Ended September 30,	
	2022	2021
Balance at beginning of year	**$ 29,179**	$ 35,344
Amounts charged to expense	**5,361**	6,388
Write-offs, recoveries and other	**(28,110)**	(11,677)
Balance at end of period	**$ 6,430**	$ 30,055
Accounts and other receivables	**$ 5,910**	$ 11,807
Other assets	**520**	18,248
Total	**$ 6,430**	$ 30,055

Other (income) expense consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Loss on debt redemption/refinancing	**$ —**	$ 3,193	**$ 4,993**	$ 55,576
Insurance proceeds	**—**	—	**—**	(3,000)
Gain on sale of businesses, including transaction costs	**(8,398)**	—	**(10,920)**	(10,201)
Gain on sale of assets	**—**	—	**(14,372)**	(1,434)
Other (income) expense	**$ (8,398)**	$ 3,193	**$ (20,299)**	$ 40,941

Other income for the third quarter of 2022 includes a $4 million gain from the sale of Borderfree and a $4 million gain from the receipt of deferred proceeds related to the 2021 sale of a business (see Note 7). In 2022, we also received proceeds of $9 million related to the 2019 sale of a business and recognized a gain of $3 million, received proceeds of $51 million from the sale and leaseback of our Shelton, Connecticut office building, and recognized a gain of $14 million and recognized a loss of $5 million on the early redemption of debt.

Supplemental cash flow information is as follows:

	Nine Months Ended September 30,	
	2022	2021
Cash interest paid	**$ 114,752**	$ 106,942
Cash income tax payments, net of refunds	**$ 16,533**	$ 2,451
Noncash activity		
Capital assets obtained under capital lease obligations	**$ 21,665**	$ 25,882

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 as well as the risk of a global recession, and the effects that they may have 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 the risk of a global recession or 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, United States Postal Service (USPS) commercial programs or our contractual relationships with the 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
- the impacts of inflation and rising prices on our costs and expenses, and to our clients and retail consumers
- 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
- global supply chain issues adversely impacting our third-party suppliers' ability to provide us products and services
- 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
- changes in foreign currency exchange rates, especially the impact a strengthening U.S. dollar could have on our global operations
- changes in tax laws, rulings or regulations
- 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
- 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
- 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 and Nine Months Ended September 30:

	Revenue							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	2021	Actual % change	Constant Currency % Change	**2022**	2021	Actual % change	Constant Currency % change
Business services	**$ 518,405**	$ 551,384	(6)%	(5)%	**$ 1,667,267**	$ 1,688,860	(1)%	(1)%
Support services	**107,642**	113,413	(5)%	(3)%	**325,619**	347,266	(6)%	(5)%
Financing	**67,757**	71,936	(6)%	(4)%	**207,084**	223,201	(7)%	(6)%
Equipment sales	**83,528**	83,234	— %	4 %	**262,810**	256,304	3 %	5 %
Supplies	**37,455**	38,211	(2)%	2 %	**116,761**	119,090	(2)%	1 %
Rentals	**16,127**	17,271	(7)%	(4)%	**49,810**	55,128	(10)%	(8)%
Total revenue	**$ 830,914**	$ 875,449	(5)%	(4)%	**$ 2,629,351**	$ 2,689,849	(2)%	(1)%

	Revenue							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	2021	Actual % change	Constant currency % change	**2022**	2021	Actual % change	Constant currency % change
Global Ecommerce	**$ 354,326**	$ 398,011	(11)%	(10)%	**$ 1,166,623**	$ 1,229,526	(5)%	(4)%
Presort Services	**144,824**	139,296	4 %	4 %	**444,302**	417,041	7 %	7 %
SendTech Solutions	**331,764**	338,142	(2)%	1 %	**1,018,426**	1,043,282	(2)%	— %
Total revenue	**$ 830,914**	$ 875,449	(5)%	(4)%	**$ 2,629,351**	$ 2,689,849	(2)%	(1)%

	Segment EBIT					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	% change	**2022**	2021	% change
Global Ecommerce	**$ (34,881)**	$ (20,950)	(66)%	**$ (77,402)**	$ (58,157)	(33)%
Presort Services	**20,561**	21,062	(2)%	**53,044**	56,247	(6)%
SendTech Solutions	**95,234**	98,950	(4)%	**295,374**	320,541	(8)%
Total Segment EBIT	**$ 80,914**	$ 99,062	(18)%	**$ 271,016**	$ 318,631	(15)%

Revenue decreased 5% (4% at constant currency) in the third quarter of 2022 compared to the prior year due to a decrease in business services revenue primarily driven by lower Global Ecommerce volumes, lower support services revenue driven by a declining meter population and a shift to cloud-enabled products and lower financing revenue. Global Ecommerce revenue decreased 11% (10% at constant currency), Presort Services revenue increased 4% and SendTech Solutions revenue declined 2%, but increased 1% at constant currency.

Segment EBIT in the quarter decreased 18% compared to the prior year period. Global Ecommerce EBIT decreased $14 million primarily due to the decline in revenue and lower margins. Presort Services EBIT decreased $1 million, or 2%, primarily due to higher operating costs. SendTech Solutions EBIT decreased $4 million, or 4% primarily driven by the decline in revenue and lower margins. Refer to Results of Operations section for further information.

Outlook

We earn a larger percentage of our revenue in the fourth quarter as compared to other quarters, primarily because there are higher shipping volumes during the holiday season. We also expect shipping volumes to benefit from new clients gained in the third and fourth quarters of 2022. We believe we are well-positioned to process the holiday shipping volumes due to network optimization and increased productivity driven by the investments we have made in our facilities, automation and management systems. However, certain factors beyond our control could have adverse impacts on the global shipping market, including, but not limited to, reduced consumer spending due to inflation and recessionary factors, adverse changes in labor and transportation markets, including higher fuel costs and other adverse geopolitical developments.

We see market opportunities for our businesses and continue to invest in new solutions and services targeted at these opportunities. This includes investments in our physical networks in Global Ecommerce and Presort Services for greater efficiency and economies of scale, investments in our mailing business around shipping solutions, lockers and expanded financing offerings, and upgrading our technologies and processes across all three segments and Corporate shared services. Our mix of business continues to shift to higher growth, lower margin markets, and while the investments we are making today may put downward pressure on our margins in the near-term, we expect these investments to provide a platform for long-term growth and margin improvements.

On a consolidated basis, we expect revenue (constant currency) in 2022 compared to 2021 to range from a low-single digit percentage decline to low-single digit percentage growth and EBIT to range from a high-single digit percentage decline to a mid-single digit percentage increase. We also expect free cash flow to be positive for the full year 2022.

RESULTS OF OPERATIONS

In this discussion, we 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 and $9 million for the three and nine months ended September 30, 2022, respectively.

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 September 30,				**Three Months Ended September 30,**		**Three Months Ended September 30,**	
	2022	2021	Actual % change	Constant Currency % change	**2022**	2021	**2022**	2021
Business services	**$ 354,326**	$ 398,011	(11)%	(10)%	**$ 333,964**	$ 364,375	5.7 %	8.5 %

	Segment EBIT		
	Three Months Ended September 30,		
	2022	2021	Actual % change
Segment EBIT	**$ (34,881)**	$ (20,950)	(66)%

Global Ecommerce revenue decreased 11% (10% at constant currency) in the third quarter of 2022 compared to the prior year period driven by an overall decrease in volumes. Cross-border and digital delivery volume declines contributed revenue declines of 5% and 2%, respectively. The sale of Borderfree in the beginning of the third quarter also contributed a 4% decline in revenue.

Gross margin decreased $13 million and gross margin percentage decreased to 5.7% from 8.5% compared to the prior year period. Cross-border gross margin declined $14 million due to the decline in volumes and the loss of $6 million of gross margin in the prior year period from Borderfree. Cross-border gross margin for the third quarter of 2022 benefited from lower transportation costs of $9 million due in part to the revised transportation cost allocation methodology. Digital delivery gross margin declined $5 million also due to the decline in volumes. Domestic parcel delivery services gross margin increased $6 million compared to the prior year quarter; however, the prior year period included an $8 million charge reflecting the estimated cost of a price assessment.

Segment EBIT loss for the third quarter of 2022 increased $14 million to a loss of $35 million compared to a loss of $21 million in the prior year period primarily due to the decline in gross margin.

	Revenue				Cost of Revenue		Gross Margin	
	Nine Months Ended September 30,				Nine Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	Actual % change	Constant Currency % change	**2022**	2021	**2022**	2021
Business services	**$ 1,166,623**	$ 1,229,526	(5)%	(4)%	**$ 1,058,457**	$ 1,122,031	9.3 %	8.7 %

	Segment EBIT		
	Nine Months Ended September 30,		
	2022	2021	Actual % change
Segment EBIT	**$ (77,402)**	$ (58,157)	(33)%

Global Ecommerce revenue decreased 5% (4% at constant currency) in the first nine months of 2022 compared to the prior year period due primarily to lower volumes, partially offset by pricing actions. Cross-border and digital delivery services volumes contributed revenue declines of 7% and 2%, respectively, which were partially offset by domestic parcel delivery services contributing revenue growth of 4% due to pricing actions.

Gross margin was consistent with the prior year and gross margin percentage increased to 9.3% from 8.7% compared to the prior year period. Domestic parcel delivery services gross margin increased $34 million over the prior year due to pricing actions, improved warehouse productivity and an $8 million prior year charge reflecting the estimated cost of a price assessment. Cross-border gross margin declined $26 million compared to the prior year period primarily due to the decline in volumes driven by the strengthening of the U.S. dollar, and a decline of $15 million from Borderfree, driven in part to the sale of this business on July 1, 2022. Digital delivery services gross margin declined $8 million compared to the prior year period primarily due to the decline in volumes and revenue.

Segment EBIT loss for the first nine months of 2022 increased $19 million to a loss of $77 million compared to a loss of $58 million in the prior year period, due to higher operating expenses of $20 million primarily driven by higher credit card fees of $9 million, higher employee-related expenses of $7 million and higher credit loss provision of $3 million.

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 September 30,				Three Months Ended September 30,		Three Months Ended September 30,	
	2022	2021	Actual % change	Constant Currency % change	**2022**	2021	**2022**	2021
Business services	**$ 144,824**	$ 139,296	4 %	4 %	**$ 107,789**	$ 103,194	25.6 %	25.9 %

	Segment EBIT		
	Three Months Ended September 30,		
	2022	2021	Actual % change
Segment EBIT	**$ 20,561**	$ 21,062	(2)%

Presort Services revenue increased 4% in the third quarter of 2022 compared to the prior year period. The processing of First Class Mail and Marketing Mail contributed revenue growth of 3% and 1%, respectively, primarily due to the impact of pricing actions.

For the third quarter of 2022, gross margin increased $1 million and gross margin percentage was relatively unchanged compared to the prior year period. Segment EBIT decreased slightly compared to the prior year period. Gross margin and segment EBIT were adversely impacted by lower volumes but these impacts were substantially offset by pricing actions and productivity improvements.

	Revenue				Cost of Revenue		Gross Margin	
	Nine Months Ended September 30,				Nine Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	Actual % change	Constant Currency % change	**2022**	2021	**2022**	2021
Business services	**$ 444,302**	$ 417,041	7 %	7 %	**$ 343,745**	$ 315,368	22.6 %	24.4 %

	Segment EBIT		
	Nine Months Ended September 30,		
	2022	2021	Actual % change
Segment EBIT	**$ 53,044**	$ 56,247	(6)%

Presort Services revenue increased 7% in the first nine months of 2022 compared to the prior year period. The processing of First Class Mail and Marketing Mail contributed the majority of revenue growth of 4% and 2%, respectively, primarily due to the impact of pricing actions.

Gross margin decreased $1 million and gross margin percentage declined to 22.6% from 24.4%. Segment EBIT decreased $3 million, or 6% in the first nine months of 2022 compared to the prior year period. Gross margin and segment EBIT were impacted by higher transportation costs of $20 million driven by increased demand, higher fuel costs and higher allocated costs due to the revised transportation cost allocation methodology, and higher labor costs of $7 million. The impact of these higher costs has been partially offset through higher revenue driven by pricing actions and productivity improvements.

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 September 30,				Three Months Ended September 30,		Three Months Ended September 30,	
	2022	2021	Actual % change	Constant Currency % change	**2022**	2021	**2022**	2021
Business services	**$ 19,255**	$ 14,077	37 %	38 %	**$ 10,668**	$ 4,610	44.6 %	67.3 %
Support services	**107,642**	113,413	(5)%	(3)%	**36,357**	37,849	66.2 %	66.6 %
Financing	**67,757**	71,936	(6)%	(4)%	**13,692**	11,710	79.8 %	83.7 %
Equipment sales	**83,528**	83,234	— %	4 %	**60,125**	62,182	28.0 %	25.3 %
Supplies	**37,455**	38,211	(2)%	2 %	**10,470**	10,704	72.0 %	72.0 %
Rentals	**16,127**	17,271	(7)%	(4)%	**6,211**	6,480	61.5 %	62.5 %
Total revenue	**$ 331,764**	$ 338,142	(2)%	1 %	**$ 137,523**	$ 133,535	58.5 %	60.5 %

	Segment EBIT		
	Three Months Ended September 30,		
	2022	2021	Actual % change
Segment EBIT	**$ 95,234**	$ 98,950	(4)%

SendTech Solutions revenue decreased 2%, but increased 1% at constant currency, in the third quarter of 2022 compared to the prior year period. Support services revenue declined 5% (3% at constant currency) primarily due to a declining meter population and shift to cloud-enabled products. Financing revenue declined 6% (4% at constant currency) primarily due to lower lease extensions as more clients are deciding to lease new equipment rather than extend leases on existing equipment. Partially offsetting these decreases, business services revenue increased 37% (38% at constant currency) primarily due to growth in subscription services.

Gross margin decreased $10 million and gross margin percentage decreased to 58.5% from 60.5%, primarily due to declines in financing and support services revenue which have high gross margins. Segment EBIT decreased $4 million, or 4%, due to the

decrease in gross margin, partially offset by lower operating expenses of $6 million, due to employee-related expenses, professional fees and credit loss provision each declining $2 million.

	Revenue				Cost of Revenue		Gross Margin	
	Nine Months Ended September 30,				Nine Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	Actual % change	Constant Currency % change	**2022**	2021	**2022**	2021
Business services	**$ 56,342**	$ 42,293	33 %	34 %	**$ 30,408**	$ 16,925	46.0 %	60.0 %
Support services	**325,619**	347,266	(6)%	(5)%	**110,658**	111,172	66.0 %	68.0 %
Financing	**207,084**	223,201	(7)%	(6)%	**37,827**	35,369	81.7 %	84.2 %
Equipment sales	**262,810**	256,304	3 %	5 %	**186,798**	185,474	28.9 %	27.6 %
Supplies	**116,761**	119,090	(2)%	1 %	**32,901**	32,383	71.8 %	72.8 %
Rentals	**49,810**	55,128	(10)%	(8)%	**18,879**	18,940	62.1 %	65.6 %
Total revenue	**$ 1,018,426**	$ 1,043,282	(2)%	— %	**$ 417,471**	$ 400,263	59.0 %	61.6 %

	Segment EBIT		
	Nine Months Ended September 30,		
	2022	2021	Actual % change
Segment EBIT	**$ 295,374**	$ 320,541	(8)%

SendTech Solutions revenue decreased 2% (flat at constant currency) in the first nine months of 2022 compared to the prior year period. Support services revenue declined 6% (5% at constant currency) primarily due to a declining meter population and shift to cloud-enabled products. Financing revenue declined 7% (6% at constant currency) primarily due to lower lease extensions as more clients are deciding to lease new equipment rather than extend leases on existing equipment. Partially offsetting these decreases, business services revenue increased 33% (34% at constant currency) primarily due to growth in subscription services.

Gross margin for the first nine months of 2022 decreased $42 million and gross margin percentage decreased to 59% from 61.6%, primarily due to declines in financing and support services revenue which have high gross margins. Segment EBIT decreased $25 million, or 8%, due to the decline in gross margin, partially offset by lower operating expenses of $14 million, due in part, to lower employee-related expenses, lower professional fees, lower credit loss provision and other cost savings.

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 September 30,			Nine Months Ended September 30,		
	2022	2021	Actual % change	**2022**	2021	Actual % change
Unallocated corporate expenses	**$ 42,908**	$ 49,176	(13)%	**$ 141,537**	$ 162,957	(13)%

Unallocated corporate expenses decreased $6 million in the third quarter of 2022 and $21 million in the first nine months of 2022 as compared to the prior year periods primarily due to lower variable compensation expense.

CONSOLIDATED EXPENSES

Selling, general and administrative

SG&A expense for the third quarter of 2022 declined $15 million compared to the prior year period, primarily due to lower variable compensation expense of $8 million, lower professional fees of $5 million and lower credit loss provision of $2 million. SG&A expense for the first nine months of 2022 declined $20 million compared to the prior year period, primarily due to lower variable compensation expense of $24 million and lower professional fees of $4 million, partially offset by higher credit card fees of $9 million.

Research and development (R&D)

R&D expense for both the third quarter and first nine months of 2022 declined $1 million compared to the prior year periods.

Restructuring charges

Restructuring charges, consisting of costs for employee severance and facility closures, were $4 million for the third quarter and $13 million for the first nine months of 2022. See Note 9 to the Condensed Consolidated Financial Statements for further information.

Other (income) expense

Other (income) expense for the third quarter of 2022 includes a $4 million gain from the sale of Borderfree and a $4 million gain from the receipt of deferred proceeds related to the 2021 sale of a business. Other (income) expense for the first nine months of 2022 also includes a $14 million gain from 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 7, 10 and 16 to the Condensed Consolidated Financial Statements for further information.

Income taxes

The effective tax rate for the three and nine months ended September 30, 2022 was 45.8% and 5.6%, respectively. See Note 12 to the Condensed Consolidated Financial Statements for further information.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2022, we had cash, cash equivalents and short-term investments of $607 million, which includes $152 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	**$ 9,229**	$ 216,174	$ (206,945)
Net cash from investing activities	**16,391**	(111,686)	128,077
Net cash from financing activities	**(136,180)**	(291,849)	155,669
Effect of exchange rate changes on cash and cash equivalents	**(25,273)**	(4,940)	(20,333)
Change in cash and cash equivalents	**$ (135,833)**	$ (192,301)	$ 56,468

Operating Activities

Cash flows from operating activities in 2022 declined $207 million compared to the prior year period. This decline was driven in part by lower collections of accounts receivable in 2022 compared to 2021 as we began 2022 with less receivables available for collection compared to the beginning of 2021. Also contributing to lower cash flows was increased payments of accounts payable and employee payroll due to timing, higher income tax payments, higher interest payments due to increases in variable rates, a postage payment in 2022 related to a 2021 volume-related vendor price adjustment and higher inventory levels built up in 2022 in anticipation of future demand and to mitigate against supply chain risks.

Investing Activities

Cash flows from investing activities for 2022 increased $128 million compared to the prior year driven by higher proceeds from the sale of businesses and assets of $131 million primarily due to the sale of Borderfree ($93 million) and our Shelton, CT office building ($51 million) and lower capital expenditures of $43 million. These improvements were partially offset by payments of $49 million for the settlement of foreign currency exchange contracts. We enter into foreign currency exchange contracts with third-parties to offset the earnings volatility caused by changes in foreign currency exchange rates and the revaluation of intercompany loans denominated in a foreign currency. Although there is minimal impact to our reported earnings, the settlement of these derivative contracts result in cash outflows or inflows.

Financing Activities

Cash flows from financing activities for 2022 improved $156 million compared to the prior year primarily due to lower net repayments of debt of $121 million and lower premiums and fees paid to refinance debt of $45 million, partially offset by $13 million of common stock repurchases.

Financings and Capitalization

During 2022, we have reduced debt by $113 million, primarily from the redemption of the remaining $90 million of outstanding April 2023 notes and scheduled term loan repayments of $18 million. The April 2023 notes were redeemed in March and a $5 million pre-tax loss was recognized.

The credit agreement that governs our $500 million secured revolving credit facility and term loans contains financial and non-financial covenants. At September 30, 2022, we were in compliance with all covenants and there were no outstanding borrowings under the revolving credit facility.

The PB Bank (the Bank), a wholly owned subsidiary, has become a member of the Federal Home Loan Bank (FHLB) of Des Moines. As a member, the Bank has access to certain credit products as a funding source known as "advances." As of September 30, 2022, the Bank had yet to apply for any advances.

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 September 30, 2022, we have entered into real estate and equipment leases with aggregate payments of $104 million and terms ranging from three to seven years that have not commenced. Most of these leases are expected to commence in the fourth quarter of 2022 and some into 2023.

At September 30, 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.

Critical Accounting Estimates

Goodwill

Goodwill is tested annually for impairment at the reporting unit level during the fourth quarter or sooner if circumstances indicate an impairment may exist. The impairment test for goodwill determines the fair value of each reporting unit and compares it to the reporting unit's carrying value, including goodwill. If the fair value of a reporting unit exceeds the carrying value of the net assets assigned to that reporting unit, goodwill is not impaired and no further testing is required. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, the goodwill impairment loss is calculated as the difference between these amounts, limited to the amount of goodwill allocated to the reporting unit.

We determined that the agreement to sell Borderfree was a triggering event that indicated an impairment may exist. Accordingly, we performed a goodwill impairment test of the Global Ecommerce reporting unit to assess the recoverability of the carrying value of remaining goodwill. We engaged a third-party to assist in the determination of the fair value of the reporting unit.

The results of our test indicated that no impairment existed; however, the estimated fair value of the Global Ecommerce reporting unit exceeded its carrying value by less than 20%. The determination of fair value relied on internal projections developed using numerous estimates and assumptions that are inherently subject to significant uncertainties. These estimates and assumptions included revenue growth, profitability, cash flows, capital spending and other available information. The determination of fair value also incorporated a risk-adjusted discount rate, terminal growth rates and other assumptions that market participants may use. Changes in any of these estimates or assumptions could materially affect the determination of fair value and the associated goodwill impairment assessment. Potential events and circumstances that could have an adverse effect on our estimates and assumptions include, but are not limited to, declining revenue, our inability to grow volumes, gain additional economies of scale and improve profitability, continued increases in costs and rising interest rates.

The goodwill balance related to the Global Ecommerce reporting unit at September 30, 2022 was $339 million. We will continue to monitor and evaluate the carrying value of goodwill for this reporting unit, and should facts and circumstances change, a non-cash impairment charge could be recorded in the future.

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 September 30, 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. There were no purchases of our common stock during the three months ended September 30, 2022. We have remaining authorization to purchase up to $3 million of our common stock.

Item 6: Exhibits

Exhibit Number	Description	Exhibit Number in this Form 10-Q
2.1	Equity Purchase Agreement, dated as of June 20, 2022, among Pitney Bowes International Holdings, Inc., Pitney Bowes Holdings Limited, Global-e UK LTD., Global-e US Inc. and Global-E Online Ltd (incorporated by reference to Exhibit 2.1 to the Form 8-K filed with the Commission on June 21, 2022)	2.1
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
10.1	Second Amendment to the Credit Agreement, dated as of May 11, 2022, among Pitney Bowes Inc., the lenders and issuing banks party thereto and JPMorgan Chase Bank, N.A., as administrative agent	10.1
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 September 30, 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: November 4, 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: November 4, 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: November 4, 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 September 30, 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: November 4, 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 September 30, 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: November 4, 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.