# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 8-K

**Current Report**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**February 1, 2017**
Date of Report (Date of earliest event reported)

# Pitney Bowes Inc.
(Exact name of registrant as specified in its charter)

| **Delaware** | **1-3579** | **06-0495050** |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Commission file number) | (I.R.S. Employer Identification No.) |

**3001 Summer Street**
**Stamford, Connecticut 06926**
(Address of principal executive offices)

**(203) 356-5000**
(Registrant's telephone number, including area code)

**Not Applicable**
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The following information is furnished pursuant to Item 2.02 Disclosure of "Results of Operations and Financial Condition."

On February 1, 2017, the Registrant issued a press release setting forth its financial results, including consolidated statements of income, supplemental information, and a reconciliation of reported results to adjusted results for the three and twelve months ended December 31, 2016 and 2015, and consolidated balance sheets at December 31, 2016 and 2015. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

**ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS**

(c) Exhibits

99.1 Press release of Pitney Bowes Inc. dated February 1, 2017.

**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.

February 1, 2017

/s/ Steven J. Green

Steven J. Green
Vice President – Finance and
Chief Accounting Officer
(Principal Accounting Officer)

**Exhibit 99.1**

# Pitney Bowes Announces Full Year And Fourth Quarter 2016 Financial Results

STAMFORD, Conn.--(BUSINESS WIRE)--February 1, 2017--Pitney Bowes Inc. (NYSE:PBI), a global technology company providing innovative technology solutions to power commerce, today reported financial results for the full year and the fourth quarter 2016. The Company also has provided an update to its annual guidance for 2017.

Full-Year 2016:

- Revenue of $3.4 billion, a decline of 5 percent; a decline of 4 percent when adjusted for the impact of currency; a decline of 3 percent when adjusted for both the impact of currency and market exits
- GAAP EPS of $0.50; Adjusted EPS of $1.68
- GAAP cash from operations of $491 million; free cash flow of $430 million
- Issued $600 million of 5 year notes and redeemed the Pitney Bowes International Holdings, Inc. preferred stock of $300 million
- Repurchased 10.5 million shares of common stock

Fourth Quarter 2016:

- Revenue of $887 million, a decline of 5 percent; a decline of 4 percent when adjusted for the impact of currency and market exits
- GAAP EPS loss of $0.44; Adjusted EPS of $0.53
- GAAP EPS includes a non-cash $0.89 per share goodwill impairment charge related to the Software Solutions business
- GAAP cash from operations of $200 million; free cash flow of $164 million

“Our fourth quarter and full-year results were not what we wanted or expected,” said Marc B. Lautenbach, President and Chief Executive Officer. “While we were disappointed in our fourth quarter performance, especially in our Software Solutions business, we closed the year with much of the heavy lifting and short-term disruptions from our transformation initiatives behind us. We are poised to take advantage of all of the hard work we completed in 2016 and over the past four years. Going forward, I remain confident in our long-term strategy, our competitive position, our operational excellence initiatives, and our ability to unlock value for our shareholders.”

**Full Year 2016 Results**

Revenue totaled $3.4 billion for the year, which was a decline of 5 percent versus prior year. Revenue declined 4 percent versus the prior year when adjusted for the impact of currency and declined 3 percent when adjusted for the impact of currency and previously exited direct operations (market exits) in Mexico, South Africa and five markets in Asia.

Generally Accepted Accounting Principles earnings per diluted share (GAAP EPS) were $0.50, which included $0.22 per share for restructuring and asset impairment charges, $0.03 per share charge from the redemption of the preferred stock of the Company's Pitney Bowes International Holdings (PBIH) subsidiary, $0.02 from loss on dispositions and $0.01 loss for discontinued operations.

In addition, the Company recorded a non-cash estimate of $0.88 per share goodwill impairment charge related to the Software Solutions business principally as a result of recent operating experience. The Company expects to finalize the valuation assessment and resulting goodwill impairment charge at the time the 10-K is filed and does not anticipate any material adjustment.

Adjusted earnings per diluted share from continuing operations (Adjusted EPS) were $1.68. The Company uses Adjusted EPS to measure performance.

GAAP cash flow from operations for the year was $491 million while free cash flow was $430 million. During the year, the Company used cash to pay $197 million for share repurchases, $141 million in dividends to common shareholders and $65 million in restructuring payments.

**Fourth Quarter 2016 Results**

Revenue totaled $887 million for the quarter, which was a decline of 5 percent versus prior year. Revenue declined 4 percent versus the prior year when adjusted for the impact of currency and market exits.

Digital Commerce Solutions revenue declined 2 percent on a reported basis and grew 1 percent on a constant currency basis. Double-digit revenue growth in ecommerce marketplace and retail was offset by a decline in Software Solutions and office shipping revenues.

Enterprise Business Solutions revenue declined 5 percent. Revenue declined 3 percent compared to the prior year when adjusted for the impact of currency and market exits. Revenue declined in both Production Mail and Presort Services.

Small and Medium Business (SMB) Solutions revenue declined 7 percent. Revenue declined 6 percent when adjusted for the impact of currency and market exits. North America and International Mailing both contributed to the decline.

GAAP EPS was a loss of $0.44, which included a non-cash estimate of $0.89 per share goodwill impairment charge, $0.05 per share for restructuring and asset impairment charges, $0.01 per share from the redemption of the preferred stock of the Company's PBIH subsidiary and $0.01 from loss on dispositions. Adjusted EPS were $0.53, which grew $0.05 per share over prior year.

GAAP cash flow from operations for the quarter was $200 million while free cash flow was $164 million. In comparison to the prior year, free cash flow improved largely due to timing of working capital requirements. During the quarter, the Company used cash to pay $35 million in dividends to common shareholders and $14 million in restructuring payments.

The Company's earnings per share results for the fourth quarter and full year are summarized in the table below:

| | Fourth Quarter | | Full Year | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| **GAAP EPS** | **($0.44)** | **$ 0.44** | **$ 0.50** | **$ 2.03** |
| Discontinued operations – (income) loss | - | ($0.03) | $ 0.01 | ($0.03) |
| **GAAP EPS from continuing operations** | **($0.44)** | **$ 0.41** | **$ 0.52** | **$ 2.00** |
| Goodwill impairment charge | $ 0.89 | - | $ 0.88 | - |
| Restructuring charges and asset impairments, net | $ 0.05 | $ 0.05 | $ 0.22 | $ 0.09 |
| Preferred stock redemption | $ 0.01 | - | $ 0.03 | - |
| Impact of acquisition / divestiture transactions | $ 0.01 | $ 0.02 | $ 0.02 | ($0.32) |
| Legal settlement | - | - | - | $ 0.02 |
| Investment divestiture | - | - | - | ($0.04) |
| **Adjusted EPS** | **$ 0.53** | **$ 0.48** | **$ 1.68** | **$ 1.75** |

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

**Debt Management**

During the year, the Company issued $600 million of 3.375 percent 5-year fixed rate notes. The issuance was a debt neutral transaction as the Company paid down commercial paper outstanding and redeemed all $300 million of outstanding shares of the PBIH preferred stock on November 1, 2016. The Company had no commercial paper outstanding as of December 31, 2016.

**Fourth Quarter 2016 Business Segment Reporting**

*The Company's business segment reporting reflects the clients served in each market and the way it manages these segments for growth and profitability. The reporting segment groups are the SMB Solutions group; the Enterprise Business Solutions group; and the Digital Commerce Solutions group. The segment results for the quarter and prior year may not equal the subtotals for each segment group due to rounding.*

*The SMB Solutions group offers mailing equipment, financing, services and supplies for small and medium businesses to efficiently create mail and evidence postage. This group includes the North America Mailing and International Mailing segments. North America Mailing includes the operations of U.S. and Canada Mailing. International Mailing includes all other SMB operations around the world.*

*The Enterprise Business Solutions group includes the global Production Mail and Presort Services segments. Production Mail provides mailing and printing equipment and services for large enterprise clients to process mail. Presort Services provides sortation services to qualify large mail volumes for postal worksharing discounts.*

*The Digital Commerce Solutions group includes the Software Solutions and Global Ecommerce segments. Software Solutions provide customer engagement, customer information and location intelligence software. Global Ecommerce facilitates global cross-border ecommerce transactions and shipping solutions for businesses of all sizes.*

**SMB Solutions Group**

| ($ millions) | Fourth Quarter | | | | |
|---|---|---|---|---|---|
| **Revenue** | 2016 | 2015 | Y/Y Reported | Y/Y Ex Currency | Y/Y Ex Currency & Market Exits* |
| North America Mailing | $ 341 | $ 363 | (6%) | (6%) | (6%) |
| International Mailing | 101 | 114 | (11%) | (6%) | (4%) |
| **SMB Solutions Total** | **$ 442** | **$ 477** | **(7%)** | **(6%)** | **(6%)** |
| | | | | | |
| **EBIT** | | | | | |
| North America Mailing | $ 138 | $ 165 | (16%) | | |
| International Mailing | 12 | 14 | (16%) | | |
| **SMB Solutions Total** | **$ 151** | **$ 179** | **(16%)** | | |

* Excluding $6.2 million related to the impact of currency and $1.7 million related to the divested revenues resulting from the exit of direct operations in Mexico, South Africa and five markets in Asia.

*North America Mailing*

Compared to the prior year, overall revenue was primarily affected by lower financing and supplies revenues, as well as some weakness in equipment sales at the end of the quarter. EBIT margin was lower than prior year largely due to the decline in higher-margin recurring revenue streams.

*International Mailing*

Excluding the effects from currency and market exits, revenue declined at a mid-single digit rate. Equipment sales declined from prior year as strong growth in France was more than offset by weakness in the UK and Italy. Italy's year-to-year decline was a result of a large government transaction in the prior year. The decline in recurring revenue streams was consistent with the prior quarter. EBIT margin was down versus prior year due to the decline in higher-margin recurring revenue streams partially offset by lower expenses.

**Enterprise Business Solutions Group**

| ($ millions) | Fourth Quarter | | | | |
|---|---|---|---|---|---|
| **Revenue** | 2016 | 2015 | Y/Y Reported | Y/Y Ex Currency | Y/Y Ex Currency & Market Exits* |
| Production Mail | $ 115 | $ 122 | (6%) | (5%) | (4%) |
| Presort Services | 118 | 122 | (3%) | (3%) | (3%) |
| **Enterprise Business Total** | **$ 233** | **$ 245** | **(5%)** | **(4%)** | **(3%)** |
| | | | | | |
| **EBIT** | | | | | |
| Production Mail | $ 19 | $ 17 | 11% | | |
| Presort Services | 26 | 28 | (6%) | | |
| **Enterprise Business Total** | **$ 45** | **$ 45** | **0%** | | |

* Excluding $1.2 million related to the impact of currency and $1.8 million related to the divested revenues resulting from the exit of direct operations in Mexico, South Africa and five markets in Asia

*Production Mail*

Equipment sales grew 1 percent over prior year on higher inserter equipment placements. Support services revenue declined as a result of the shift from in-house mail production to third party service bureaus who tend to self-service, as well as reduced service revenue associated with the market exits. EBIT margin improved from prior year driven by equipment sales margin and lower expenses.

*Presort Services*

The revenue decline was driven by lower First Class volumes along with lower average revenue per piece of mail processed largely as a result of the earlier USPS rate change. This was somewhat offset by an increase in Standard Class mail volumes processed.

**Digital Commerce Solutions Group**

| ($ millions) | Fourth Quarter | | | |
|---|---|---|---|---|
| | | | Y/Y | Y/Y |
| **Revenue** | 2016 | 2015 | Reported | Ex Currency |
| Software Solutions | $ 91 | $ 103 | (12%) | (9%) |
| Global Ecommerce | 121 | 112 | 8% | 10% |
| **Digital Commerce Total** | **$ 212** | **$ 215** | **(2%)** | **1%** |
| | | | | |
| **EBIT** | | | | |
| Software Solutions | $ 12 | $ 14 | (10%) | |
| Global Ecommerce | 10 | 9 | 12% | |
| **Digital Commerce Total** | **$ 23** | **$ 23** | **(1%)** | |

*Software Solutions*

The revenue decline was driven by several anticipated large deals which did not get completed in the last few weeks of the quarter. Customer Engagement and Location Intelligence license revenues declined but were partly offset by growth in Customer Information Management licenses. The Company continues to invest in expanding the indirect channel and training partner sales and technical resources to build future partner-led pipeline and revenue. The Company has made changes to the sales organization structure to improve the direct salesforce effectiveness. EBIT margin improved slightly mostly due to lower expenses.

*Global Ecommerce*

Excluding the effects of currency, Ecommerce marketplace and retail revenues grew 18 percent from prior year. This was driven by strong growth in UK outbound marketplace and retail volumes. Revenue grew despite a stronger U.S. dollar versus prior year. The Ecommerce marketplace and retail revenue growth was partially offset by a decline in office shipping.

EBIT margin increased versus the prior year due to cross border synergy savings and revenue growth. This was partially offset by a decline in higher-margin domestic office shipping and higher research and development costs.

**2017 Guidance**

*This guidance discusses future results, which are inherently subject to unforeseen risks and developments. As such, discussions about the business outlook should be read in the context of an uncertain future, as well as the risk factors identified in the safe harbor language at the end of this release and as more fully outlined in the Company's 2015 Form 10-K Annual Report and other reports filed with the Securities and Exchange Commission.*

This guidance excludes any unusual items that may occur or additional portfolio or restructuring actions, not specifically identified, as the Company implements plans to further streamline its operations and reduce costs. Revenue guidance is provided on a constant currency basis. The Company cannot reasonably predict the impact that future changes in currency exchange rates will have on revenue and net income. Additionally, the Company cannot provide GAAP EPS and GAAP cash from operations guidance due to the uncertainty of future potential restructurings, goodwill and asset write-downs, unusual tax settlements or payments and contributions to its pension funds, acquisitions, divestitures and other potential adjustments, which could (individually or in the aggregate) have a material impact on the Company's performance. The Company's guidance is based on an assumption that the global economy and foreign exchange markets in 2017 will not change significantly.

Based on 2016 results, including the final fourth quarter outcome, the Company is updating its 2017 annual guidance, principally to reflect a more conservative outlook for the Software Solutions business.

The Company now expects, for the full year 2017:

- Revenue, on a constant currency basis, to be in the range of a 2 percent decline to 1 percent growth when compared to 2016.
- Adjusted EPS to be in the range of $1.70 to $1.85 compared to the original range of $1.80 to $1.95.
- Free cash flow to be in the range of $400 million to $460 million compared to the original range of $415 million to $485 million.

In 2017, the Company expects:

- Revenue to benefit from improving trends throughout the year from the following:
    - SMB new products and digital capabilities;
    - Ecommerce volume growth;
    - Software partner channel expansion and improvement in the direct channel;
    - Expansion of the Presort Services network and the January 2017 USPS rate change.
- Ongoing improvement in cost and expense driven by the expected benefits from the Company's operational excellence initiatives.
- Incremental Marketing expense related to enhancing the Company's digital capabilities.
- Normalization of variable compensation compared to 2016.
- A tax rate on adjusted earnings expected to be in the range of 31 to 35 percent.

**Conference Call and Webcast**

Management of Pitney Bowes will discuss the Company's results in a broadcast over the Internet today at 8:00 a.m. ET. Instructions for listening to the earnings results via the Web are available on the Investor Relations page of the Company's web site at www.pb.com.

**About Pitney Bowes**

Pitney Bowes (NYSE:PBI), is a global technology company powering billions of transactions – physical and digital – in the connected and borderless world of commerce. Clients around the world, including 90 percent of the Fortune 500, rely on products, solutions and services from Pitney Bowes in the areas of customer information management, location intelligence, customer engagement, shipping, mailing, and global ecommerce. And with the innovative Pitney Bowes Commerce Cloud, clients can access the broad range of Pitney Bowes solutions, analytics, and APIs to drive commerce. For additional information visit Pitney Bowes, the Craftsmen of Commerce, at www.pitneybowes.com.

**Use of Non-GAAP Measures**

*The Company's financial results are reported in accordance with generally accepted accounting principles (GAAP); however, in our disclosures we use certain non-GAAP measures, such as adjusted earnings before interest and taxes, Adjusted EPS, revenue growth on a constant currency basis, revenue excluding the impact of currency and market exits, free cash flow and Segment EBIT.*

*The Company reports measures such as adjusted earnings before interest and taxes (EBIT) and Adjusted EPS and adjusted income from continuing operations to exclude the impact of special items like restructuring charges, tax adjustments, goodwill and asset write-downs, and costs related to recent dispositions and market exits. While these are actual Company expenses, they can mask underlying trends associated with its business. Such items are often inconsistent in amount and frequency and as such, the adjustments allow an investor greater insight into the current underlying operating trends of the business.*

*In addition, revenue growth is presented on a constant currency basis to exclude the impact of changes in foreign currency exchange rates since the prior period under comparison. Constant currency measures are intended to help investors better understand the underlying operational performance of the business excluding the impacts of shifts in currency exchange rates over the period. Constant currency is calculated by converting our current quarter reported results using the prior year's exchange rate for the comparable quarter. In addition, this quarter the Company reported the comparison of "revenue excluding the impact of currency and market exits" to prior year, which excludes the impact of changes in foreign currency exchange rates since the prior period and also excludes the revenues associated with the recent market exits in several smaller markets. This comparison allows an investor insight into the underlying revenue performance of the business and true operational performance from a comparable basis to prior period. A reconciliation of reported revenue to constant currency revenue, as well as reported revenue to "revenue excluding the impact of currency and market exits" can be found in the Company's attached financial schedules.*

*The Company reports free cash flow in order to provide investors insight into the amount of cash that management could have available for other discretionary uses. Free cash flow adjusts GAAP cash from operations for capital expenditures, restructuring payments, unusual tax settlements, contributions to the Company's pension fund and cash used for other special items. A reconciliation of GAAP cash from operations to free cash flow can be found in the Company's attached financial schedules.*

*In addition, Management uses segment EBIT to measure profitability and performance at the segment level. Segment EBIT is determined by deducting from revenue the related costs and expenses attributable to the segment. Segment EBIT excludes interest, taxes, general corporate expenses not allocated to a particular business segment, restructuring charges and goodwill and asset impairments, which are recognized on a consolidated basis. A reconciliation of Segment EBIT to the Company's total Net Income can be found in the Company's attached financial schedules.*

*Pitney Bowes has provided a quantitative reconciliation to GAAP in supplemental schedules. This information may also be found at the Company's web site* ***www.pb.com/investorrelations****.*

*This document contains "forward-looking statements" about the Company's expected or potential future business and financial performance. Forward-looking statements include, but are not limited to, statements about its future revenue and earnings guidance and other statements about future events or conditions. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to: mail volumes; the uncertain economic environment; timely development, market acceptance and regulatory approvals, if needed, of new products; fluctuations in customer demand; changes in postal regulations; interrupted use of key information systems; the ability to protect the Company's information technology systems against service interruptions, misappropriation of data, or breaches of security resulting from cyber-attacks or other events; management of outsourcing arrangements; the implementation of a new enterprise business platform; changes in business portfolio; the success of our investment in rebranding the Company; the risk of losing some of the Company's larger clients in the Global Ecommerce segment; integrating newly acquired businesses, including operations and product and service offerings; foreign currency exchange rates; changes in our credit ratings; management of credit risk; changes in interest rates; the financial health of national posts; increased customs and regulatory risks associated with cross-border transactions; and other factors beyond its control as more fully outlined in the Company's 2015 Form 10-K Annual Report and other reports filed with the Securities and Exchange Commission. Pitney Bowes assumes no obligation to update any forward-looking statements contained in this document as a result of new information, events or developments.*

**Note: Consolidated statements of income; revenue and EBIT by business segment; and reconciliation of GAAP to non-GAAP measures for the three and twelve months ended December 31, 2016 and 2015, and consolidated balance sheets as of December 31, 2016 and December 31, 2015 are attached.**

**Pitney Bowes Inc.**
**Consolidated Statements of Income**
(Unaudited; in thousands, except share and per share amounts)

| | Three months ended December 31, | | Twelve months ended December 31, | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| Revenue: | | | | |
| Equipment sales | $ 190,306 | $ 199,831 | $ 675,451 | $ 695,159 |
| Supplies | 64,051 | 72,925 | 262,682 | 288,103 |
| Software | 90,901 | 103,265 | 348,661 | 386,506 |
| Rentals | 103,032 | 107,934 | 412,738 | 441,663 |
| Financing | 89,632 | 103,043 | 366,547 | 410,035 |
| Support services | 129,188 | 139,149 | 512,820 | 554,764 |
| Business services | 219,959 | 210,800 | 827,676 | 801,830 |
| Total revenue | 887,069 | 936,947 | 3,406,575 | 3,578,060 |
| Costs and expenses: | | | | |
| Cost of equipment sales | 96,201 | 98,363 | 331,942 | 331,069 |
| Cost of supplies | 20,758 | 22,890 | 81,420 | 88,802 |
| Cost of software | 26,345 | 27,996 | 105,841 | 113,580 |
| Cost of rentals | 21,089 | 21,061 | 76,040 | 84,188 |
| Financing interest expense | 13,866 | 17,620 | 55,241 | 71,791 |
| Cost of support services | 70,895 | 78,107 | 295,685 | 322,960 |
| Cost of business services | 151,152 | 140,642 | 568,509 | 546,201 |
| Selling, general and administrative | 283,882 | 340,643 | 1,200,327 | 1,279,961 |
| Research and development | 31,545 | 26,463 | 121,306 | 110,156 |
| Goodwill impairment | 168,563 | - | 168,563 | - |
| Restructuring charges and asset impairments, net | 13,793 | 11,477 | 63,296 | 25,782 |
| Interest expense, net | 26,576 | 22,383 | 88,970 | 87,583 |
| Other expense (income), net | - | 78 | 536 | (94,838) |
| Total costs and expenses | 924,665 | 807,723 | 3,157,676 | 2,967,235 |
| (Loss) income from continuing operations before income taxes | (37,596) | 129,224 | 248,899 | 610,825 |
| Provision for income taxes | 38,235 | 44,204 | 131,850 | 189,778 |
| (Loss) income from continuing operations | (75,831) | 85,020 | 117,049 | 421,047 |
| (Loss) income from discontinued operations, net of tax | (750) | 5,853 | (2,701) | 5,271 |
| Net (loss) income | (76,581) | 90,873 | 114,348 | 426,318 |
| Less: Preferred stock dividends attributable to noncontrolling interests | 5,264 | 4,594 | 19,045 | 18,375 |
| Net (loss) income - Pitney Bowes Inc. | $ (81,845) | $ 86,279 | $ 95,303 | $ 407,943 |
| Amounts attributable to common stockholders: | | | | |
| Net (loss) income from continuing operations | $ (81,095) | $ 80,426 | $ 98,004 | $ 402,672 |
| (Loss) income from discontinued operations, net of tax | (750) | 5,853 | (2,701) | 5,271 |
| Net (loss) income - Pitney Bowes Inc. | $ (81,845) | $ 86,279 | $ 95,303 | $ 407,943 |
| Basic (loss) earnings per share attributable to common stockholders [1]: | | | | |
| Continuing operations | $ (0.44) | $ 0.41 | $ 0.52 | $ 2.01 |
| Discontinued operations | (0.00) | 0.03 | (0.01) | 0.03 |
| Net (loss) income - Pitney Bowes Inc. | $ (0.44) | $ 0.44 | $ 0.51 | $ 2.04 |
| Diluted (loss) earnings per share attributable to common stockholders [1]: | | | | |
| Continuing operations | $ (0.44) | $ 0.41 | $ 0.52 | $ 2.00 |
| Discontinued operations | (0.00) | 0.03 | (0.01) | 0.03 |
| Net (loss) income - Pitney Bowes Inc. | $ (0.44) | $ 0.44 | $ 0.50 | $ 2.03 |
| Weighted-average shares used in diluted earnings per share | 185,645,814 | 197,959,779 | 188,975,198 | 200,944,874 |

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

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

| **Assets** | December 31, 2016 | December 31, 2015 [1] |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 770,985 | $ 650,557 |
| Short-term investments | 31,985 | 117,021 |
| Accounts receivable, net | 463,483 | 476,583 |
| Short-term finance receivables, net | 885,994 | 918,383 |
| Inventories | 92,726 | 88,824 |
| Current income taxes | 11,373 | 6,584 |
| Other current assets and prepayments | 68,637 | 67,400 |
| Total current assets | 2,325,183 | 2,325,352 |
| Property, plant and equipment, net | 314,603 | 330,088 |
| Rental property and equipment, net | 188,054 | 177,515 |
| Long-term finance receivables, net | 673,207 | 760,657 |
| Goodwill | 1,573,864 | 1,745,957 |
| Intangible assets, net | 165,172 | 187,378 |
| Noncurrent income taxes | 74,806 | 70,294 |
| Other assets | 524,773 | 525,891 |
| Total assets | $ 5,839,662 | $ 6,123,132 |
| **Liabilities, noncontrolling interests and stockholders' (deficit) equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 1,378,822 | $ 1,448,321 |
| Current income taxes | 34,434 | 16,620 |
| Current portion of long-term debt and notes payable | 614,485 | 461,085 |
| Advance billings | 303,469 | 353,025 |
| Total current liabilities | 2,331,210 | 2,279,051 |
| Deferred taxes on income | 204,320 | 205,668 |
| Tax uncertainties and other income tax liabilities | 61,276 | 68,429 |
| Long-term debt | 2,750,405 | 2,489,583 |
| Other noncurrent liabilities | 593,613 | 605,310 |
| Total liabilities | 5,940,824 | 5,648,041 |
| Noncontrolling interests (Preferred stockholders' equity in subsidiaries) | - | 296,370 |
| Stockholders' (deficit) equity: | | |
| Cumulative preferred stock, $50 par value, 4% convertible | 1 | 1 |
| Cumulative preference stock, no par value, $2.12 convertible | 483 | 505 |
| Common stock, $1 par value | 323,338 | 323,338 |
| Additional paid-in-capital | 148,125 | 161,280 |
| Retained earnings | 5,110,232 | 5,155,537 |
| Accumulated other comprehensive loss | (940,133) | (888,635) |
| Treasury stock, at cost | (4,743,208) | (4,573,305) |
| Total Pitney Bowes Inc. stockholders' (deficit) equity | (101,162) | 178,721 |
| Total liabilities, noncontrolling interests and stockholders' (deficit) equity | $ 5,839,662 | $ 6,123,132 |

[1] Certain prior year amounts have been revised for accounting rules that became effective January 1, 2016 and to conform to current year presentation.

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

| | Three months ended December 31, | | | Twelve months ended December 31, | | |
|---|---|---|---|---|---|---|
| | **2016** | **2015** | **% Change** | **2016** | **2015** | **% Change** |
| **Revenue** | | | | | | |
| North America Mailing | $ 340,884 | $ 363,316 | (6%) | $ 1,342,673 | $ 1,435,140 | (6%) |
| International Mailing | 101,072 | 113,930 | (11%) | 406,797 | 445,328 | (9%) |
| **Small & Medium Business Solutions** | 441,956 | 477,246 | (7%) | 1,749,470 | 1,880,468 | (7%) |
| Production Mail | 115,054 | 122,298 | (6%) | 404,703 | 421,178 | (4%) |
| Presort Services | 118,368 | 122,247 | (3%) | 475,582 | 473,612 | 0% |
| **Enterprise Business Solutions** | 233,422 | 244,545 | (5%) | 880,285 | 894,790 | (2%) |
| Software Solutions | 90,817 | 102,992 | (12%) | 348,234 | 385,908 | (10%) |
| Global Ecommerce | 120,874 | 112,164 | 8% | 428,586 | 362,087 | 18% |
| **Digital Commerce Solutions** | 211,691 | 215,156 | (2%) | 776,820 | 747,995 | 4% |
| Other | - | - | - | - | 54,807 | (100%) |
| **Total revenue** | $ 887,069 | $ 936,947 | (5%) | $ 3,406,575 | $ 3,578,060 | (5%) |
| **EBIT** [1] | | | | | | |
| North America Mailing | $ 138,350 | $ 164,537 | (16%) | $ 575,080 | $ 646,913 | (11%) |
| International Mailing | 12,182 | 14,485 | (16%) | 46,547 | 51,070 | (9%) |
| **Small & Medium Business Solutions** | 150,532 | 179,022 | (16%) | 621,627 | 697,983 | (11%) |
| Production Mail | 18,627 | 16,793 | 11% | 54,061 | 48,254 | 12% |
| Presort Services | 25,953 | 27,709 | (6%) | 95,258 | 104,655 | (9%) |
| **Enterprise Business Solutions** | 44,580 | 44,502 | 0% | 149,319 | 152,909 | (2%) |
| Software Solutions | 12,251 | 13,627 | (10%) | 30,159 | 48,531 | (38%) |
| Global Ecommerce | 10,365 | 9,267 | 12% | 19,200 | 19,229 | (0%) |
| **Digital Commerce Solutions** | 22,616 | 22,894 | (1%) | 49,359 | 67,760 | (27%) |
| Other | - | - | - | - | 10,569 | (100%) |
| **Segment EBIT** | $ 217,728 | $ 246,418 | (12%) | $ 820,305 | $ 929,221 | (12%) |

| ***Reconciliation of segment EBIT to net (loss) income*** | | | | |
|---|---|---|---|---|
| **Segment EBIT** | $ 217,728 | $ 246,418 | $ 820,305 | $ 929,221 |
| Corporate expenses | (30,679) | (61,136) | (189,215) | (213,095) |
| **Adjusted EBIT** | 187,049 | 185,282 | 631,090 | 716,126 |
| Interest, net [2] | (40,442) | (40,003) | (144,211) | (159,374) |
| Goodwill impairment | (168,563) | - | (168,563) | - |
| Restructuring charges and asset impairments, net | (13,793) | (11,477) | (63,296) | (25,782) |
| Other (expense) income, net | - | (78) | (536) | 94,838 |
| Acquisition/disposition related expenses | (1,847) | (4,500) | (5,585) | (14,983) |
| **(Loss) income from continuing operations before income taxes** | (37,596) | 129,224 | 248,899 | 610,825 |
| Provision for income taxes | (38,235) | (44,204) | (131,850) | (189,778) |
| **(Loss) income from continuing operations** | (75,831) | 85,020 | 117,049 | 421,047 |
| (Loss) income from discontinued operations, net of tax | (750) | 5,853 | (2,701) | 5,271 |
| **Net (loss) income** | $ (76,581) | $ 90,873 | $ 114,348 | $ 426,318 |

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

(2) Includes financing interest expense and interest expense, net.

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

| | Three months ended December 31, | | | Twelve months ended December 31, | | |
|---|---|---|---|---|---|---|
| | **2016** | **2015** | **Y/Y Chg.** | **2016** | **2015** | **Y/Y Chg.** |
| ***Reconciliation of reported revenue to revenue excluding currency and Market Exits*** | | | | | | |
| Revenue, as reported | $ 887,069 | $ 936,947 | (5%) | $ 3,406,575 | $ 3,578,060 | (5%) |
| Unfavorable impact on revenue due to currency | 13,379 | - | NM | 36,536 | - | NM |
| Revenue, excluding currency | 900,448 | 936,947 | (4%) | 3,443,111 | 3,578,060 | (4%) |
| Less revenue from Market Exits | (2,280) | (6,018) | NM | (5,983) | (25,912) | NM |
| Revenue, excluding currency and Market Exits | $ 898,168 | $ 930,929 | (4%) | $ 3,437,128 | $ 3,552,148 | (3%) |
| ***Reconciliation of reported net (loss) income to adjusted earnings*** | | | | | | |
| Net (loss) income | $ (76,581) | $ 90,873 | | $ 114,348 | $ 426,318 | |
| Loss (income) from discontinued operations, net of tax | 750 | (5,853) | | 2,701 | (5,271) | |
| Goodwill impairment | 166,526 | - | | 166,526 | - | |
| Restructuring charges and asset impairments, net | 9,945 | 9,481 | | 42,343 | 18,089 | |
| Loss (gain) on disposition of businesses | 1,194 | 4,149 | | 3,893 | (84,250) | |
| Preferred stock redemption | (2,047) | - | | 2,800 | - | |
| Transaction costs related to acquisitions and dispositions | - | 48 | | 206 | 11,475 | |
| Acquisition/disposition related expenses | - | - | | - | 7,246 | |
| Legal settlement | - | - | | - | 4,250 | |
| Investment divestiture | - | - | | - | (7,756) | |
| Income from continuing operations, after income taxes, as adjusted | 99,787 | 98,698 | | 332,817 | 370,101 | |
| Provision for income taxes, as adjusted | 46,820 | 46,581 | | 154,062 | 186,651 | |
| Income from continuing operations before income taxes, as adjusted | 146,607 | 145,279 | | 486,879 | 556,752 | |
| Interest, net | 40,442 | 40,003 | | 144,211 | 159,374 | |
| EBIT, as adjusted | 187,049 | 185,282 | | 631,090 | 716,126 | |
| Depreciation and amortization | 38,261 | 45,826 | | 178,486 | 173,312 | |
| EBITDA, as adjusted | $ 225,310 | $ 231,108 | | $ 809,576 | $ 889,438 | |
| ***Reconciliation of reported diluted (loss) earnings per share to adjusted diluted earnings per share from continuing operations*** | | | | | | |
| Diluted (loss) earnings per share | $ (0.44) | $ 0.44 | | $ 0.50 | $ 2.03 | |
| Loss (income) from discontinued operations, net of tax | 0.00 | (0.03) | | 0.01 | (0.03) | |
| Goodwill impairment | 0.89 | - | | 0.88 | - | |
| Restructuring charges and asset impairments, net | 0.05 | 0.05 | | 0.22 | 0.09 | |
| Loss (gain) on disposition of businesses | 0.01 | 0.02 | | 0.02 | (0.42) | |
| Preferred stock redemption | 0.01 | - | | 0.03 | - | |
| Transaction costs related to acquisitions and dispositions | - | - | | - | 0.06 | |
| Acquisition/disposition related expenses | - | - | | - | 0.04 | |
| Legal settlement | - | - | | - | 0.02 | |
| Investment divestiture | - | - | | - | (0.04) | |
| Diluted earnings per share from continuing operations, as adjusted | $ 0.53 | $ 0.48 | | $ 1.68 | $ 1.75 | |

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

| | | | | | | |
|---|---|---|---|---|---|---|
| ***Reconciliation of reported net cash from operating activities to free cash flow*** | | | | | | |
| Net cash provided by operating activities | $ 199,763 | $ 163,656 | | $ 490,692 | $ 515,056 | |
| Capital expenditures | (45,299) | (36,418) | | (160,831) | (166,746) | |
| Restructuring payments | 13,769 | 16,030 | | 64,930 | 62,086 | |
| Pension contribution | - | - | | 36,731 | - | |
| Reserve account deposits | (3,996) | 1,428 | | (2,183) | (24,202) | |
| Acquisition/disposition related expenses | - | - | | - | 10,483 | |
| Tax payment related to investment divestiture | - | - | | - | 20,602 | |
| Tax payment related to sale of Imagitas | - | 5,306 | | - | 21,224 | |
| Cash transaction fees | - | 6,856 | | 335 | 17,971 | |
| Free cash flow | $ 164,237 | $ 156,858 | | $ 429,674 | $ 456,474 | |

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