# 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**

**January 31, 2018**
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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 Securities Act. ☐

**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 January 31, 2018, 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, 2017 and 2016, and consolidated balance sheets at December 31, 2017 and 2016. 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 January 31, 2018.

**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.

January 31, 2018

/s/ Joseph R. Catapano

Joseph R. Catapano
Vice President, Chief Accounting Officer
(Principal Accounting Officer)

**Exhibit 99.1**

# Pitney Bowes Announces Full Year and Fourth Quarter 2017 Financial Results

STAMFORD, Conn.--(BUSINESS WIRE)--January 31, 2018--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 2017. The Company has also provided annual guidance for 2018.

Full Year 2017:

- Revenue of $3.5 billion, an increase of 4 percent versus prior year largely driven by the Newgistics acquisition
- GAAP EPS of $1.39; Adjusted EPS of $1.41
- GAAP cash from operations of $496 million; free cash flow of $384 million
- Total debt increased $465 million versus prior year, which was largely attributable to the Newgistics acquisition

Fourth Quarter 2017:

- Revenue of $1.0 billion, an increase of 18 percent as reported and 17 percent at constant currency versus prior year
- GAAP EPS of $0.48; Adjusted EPS of $0.40
- GAAP cash from operations of $165 million; free cash flow of $145 million
- Acquired Newgistics for $475 million; transaction closed on October 2, 2017
- Redeemed $350 million of debt prior to the scheduled maturity in May 2018

“For the fourth quarter and full year, we moved our company to growth,” said Marc Lautenbach, President and CEO. “We saw our full year revenue grow in four out of our six segments and our total revenue showed positive growth on both a reported basis and excluding the impact of the Newgistics acquisition.

Lautenbach continued: “Pitney Bowes is a different company today than it was five years ago. Our strategy is working and the investments we have made for the long-term across all of our businesses are paying off. While we are pleased with the progress we are making, there is more to do to transform our Company and unlock shareholder value.”

**Full Year 2017 Results**

Revenue totaled $3.5 billion, an increase of 4 percent versus prior year.

GAAP earnings per diluted share (GAAP EPS) were $1.39, which included $0.21 for restructuring and asset impairments charges, $0.03 for transaction costs, a $0.01 loss for the extinguishment of debt and a $0.03 gain from the sale of technology.

GAAP EPS also included an estimated one-time, non-cash net benefit of $39 million, or $0.21 per share, recorded on the provision for income tax line related to the enactment of the Tax Cuts and Jobs Act of 2017 (Tax Legislation). This net benefit is comprised of a $130 million benefit related to the remeasurement of net U.S. deferred tax liabilities arising from a lower U.S. corporate tax rate offset by an estimated one-time tax charge of $91 million related primarily to a U.S. tax on the unremitted earnings of the Company's foreign subsidiaries.

Adjusted earnings per diluted share (Adjusted EPS) were $1.41. The Company's tax rate on adjusted earnings was 24.2 percent for the year.

GAAP cash from operations was $496 million and free cash flow was $384 million. During the year, the Company used cash to return $139 million in dividends to shareholders and to pay $41 million for restructuring payments.

**Fourth Quarter 2017 Results**

Revenue totaled $1.0 billion, which was an increase of 18 percent as reported and 17 percent at constant currency versus prior year.

Digital Commerce Solutions revenue grew 86 percent as reported and 84 percent at constant currency. Enterprise Business Solutions revenue increased 10 percent as reported and 8 percent at constant currency. Small and Medium Business (SMB) Solutions revenue declined 5 percent as reported and 7 percent at constant currency.

GAAP EPS were $0.48, which included $0.10 for restructuring charges related to the Company's additional $200 million gross spend reduction initiatives, which will occur over the next 2 years, $0.01 for transaction costs, a $0.01 loss for the extinguishment of debt and a net benefit of $0.21 due to Tax Legislation.

Adjusted EPS were $0.40.

GAAP cash from operations was $165 million and free cash flow was $145 million. Compared to the prior year, free cash flow decreased by $19 million primarily due to lower adjusted net income. During the quarter, the Company used cash to return $35 million in dividends to shareholders and to pay $11 million for 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* | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **GAAP EPS** | **$0.48** | **($0.45)** | **$1.39** | **$0.49** |
| Discontinued operations - loss | - | - | - | $0.01 |
| **GAAP EPS from continuing operations** | **$0.48** | **($0.45)** | **$1.39** | **$0.51** |
| Tax Legislation | ($0.21) | - | ($0.21) | - |
| Restructuring charges and asset impairments, net | $0.10 | $0.05 | $0.21 | $0.22 |
| Transaction costs | $0.01 | - | $0.03 | - |
| Loss on extinguishment of debt | $0.01 | - | $0.01 | - |
| Gain on sale of technology | - | - | ($0.03) | - |
| Goodwill impairment charge | - | $0.90 | - | $0.89 |
| Preferred stock redemption | - | $0.01 | - | $0.03 |
| Impact of divestiture transactions | - | $0.01 | - | $0.02 |
| **Adjusted EPS** | **$0.40** | **$0.53** | **$1.41** | **$1.68** |

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

**Fourth Quarter 2017 Business Segment Reporting**

*The Company's business reporting groups reflect the clients served in each market and the way it manages its business segments. The reporting groups are SMB Solutions; Enterprise Business Solutions; and Digital Commerce Solutions. The results for each segment within the group may not equal the subtotals for the group due to rounding.*

*SMB Solutions offers mailing and office shipping solutions, financing, services, and supplies for small and medium businesses to help simplify and save on the sending, tracking and receiving of letters, parcels and flats. This group includes the North America Mailing and International Mailing segments.*

*Enterprise Business Solutions includes the 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 and parcel volumes for postal worksharing discounts.*

*Digital Commerce Solutions 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 domestic retail and ecommerce shipping solutions, including fulfillment and returns.*

**SMB Solutions Group**
($ millions)

| | Fourth Quarter | | | |
|---|---|---|---|---|
| | | | Y/Y | Y/Y |
| **Revenue** | 2017 | 2016 | Reported | Ex Currency |
| North America Mailing | $340 | $363 | (6%) | (7%) |
| International Mailing | 102 | 102 | (1%) | (7%) |
| **SMB Solutions** | **$441** | **$465** | **(5%)** | **(7%)** |
| | | | | |
| **EBIT** | | | | |
| North America Mailing | $128 | $143 | (11%) | |
| International Mailing | 12 | 12 | 2% | |
| **SMB Solutions** | **$140** | **$155** | **(10%)** | |

*North America Mailing*

Equipment sales grew largely due to performance of the new SendPro C-Series product, but was partially offset by lower tabletop inserter sales. Recurring revenue streams declined, largely around financing, rentals and service revenues. EBIT margin was lower than prior year largely due to the decline in recurring revenue streams.

*International Mailing*

Revenue declined primarily due to lower equipment sales. Equipment sales declined in the UK and the Nordics and was partially offset by growth in Australia and Japan. EBIT margin increased slightly from prior year due to lower expenses.

**Enterprise Business Solutions Group**

| ($ millions) | Fourth Quarter | | | |
|---|---|---|---|---|
| | | | Y/Y | Y/Y |
| **Revenue** | 2017 | 2016 | Reported | Ex Currency |
| Production Mail | $128 | $115 | 11% | 8% |
| Presort Services | 128 | 118 | 8% | 8% |
| **Enterprise Business** | **$256** | **$233** | **10%** | **8%** |
| | | | | |
| **EBIT** | | | | |
| Production Mail | $19 | $19 | 2% | |
| Presort Services | 28 | 26 | 8% | |
| **Enterprise Business** | **$47** | **$45** | **6%** | |

*Production Mail*

Equipment sales grew double-digits versus prior year largely due to higher print and sorter equipment placements. EBIT margin declined from prior year primarily as a result of the mix of products within equipment sales.

*Presort Services*

Revenue growth was driven by improved revenue per piece along with higher First Class mail, parcel and flats volumes processed, but partly offset by lower Standard Class mail volumes processed. EBIT margin was relatively flat to prior year.

**Digital Commerce Solutions Group**
($ millions)

| | Fourth Quarter | | | |
|---|---|---|---|---|
| **Revenue** | 2017 | 2016 | Y/Y Reported | Y/Y Ex Currency |
| Software Solutions | $88 | $91 | (3%) | (5%) |
| Global Ecommerce | 263 | 98 | 169% | 168% |
| **Digital Commerce** | **$352** | **$189** | **86%** | **84%** |
| | | | | |
| **EBIT** | | | | |
| Software Solutions | $10 | $12 | (15%) | |
| Global Ecommerce | - | 6 | (100%) | |
| **Digital Commerce** | **$10** | **$18** | **(42%)** | |

*Software Solutions*

Revenue declined driven by lower license and service revenues, but was partially offset by growth in SaaS and data revenues. The decline in license revenue was primarily in Location Intelligence and Customer Information Management and partially offset by growth in Customer Engagement Solutions. The indirect channel continued to show growth. EBIT margin decreased from prior year largely driven by the lower revenue.

*Global Ecommerce*

Results included a full quarter of revenue from Newgistics. Newgistics exceeded expectations on volumes processed in the quarter and delivered strong revenue growth over its prior year results.

Excluding Newgistics, the segment continued to generate double-digit revenue growth, which was driven by strong performance in both cross border retail and marketplace volumes along with domestic shipping. The domestic shipping increase is driven by Complete™ Delivery, which is an end-to-end carrier service enabled by the Company's shipping API's. EBIT margin declined from prior year largely due to investments in market growth opportunities as well as the amortization of acquisition-related intangible assets.

**2018 Guidance**

The Company expects for the full year 2018:

- Revenue, on a constant currency basis, to be in the range of 9 percent to 13 percent growth, when compared to 2017.
- Adjusted EPS to be in the range of $1.40 to $1.55.
- Free cash flow to be in the range of $350 million to $400 million.

As a result of the Tax Legislation, the Company expects its annual tax rate on adjusted earnings to be in the range of 23 percent to 27 percent, or relatively flat to 2017. In addition to the lower tax rate, the Company also expects to repatriate cash and will use the cash to pay down debt.

The impact of Tax Legislation consists of preliminary estimates and is subject to change. Information regarding the impact of Tax Legislation is based on current calculations and interpretations, as well as assumptions and expectations relating to Tax Legislation, which are subject to further guidance and change.

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 2016 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 2018 will not change significantly.

**Review of Strategic Alternatives**

The Pitney Bowes Board of Directors, together with management, continues to explore and evaluate strategic alternatives to further enhance shareholder value. The Board has not set a timetable for the process nor has it made any decisions related to any strategic alternatives at this time. There can be no assurance that the exploration of strategic alternatives will result in any particular outcome. The Company does not intend to provide updates unless or until it determines that further disclosure is appropriate or necessary.

**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.pitneybowes.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, services and data 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, free cash flow and Segment EBIT.*

*The Company reports measures such as adjusted earnings before interest and taxes (EBIT) and Adjusted EPS and adjusted net income to exclude the impact of special items like restructuring charges, tax adjustments, goodwill and asset write-downs, and costs related to dispositions and acquisitions. 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. 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 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, including statements about the potential outcome of the Board's exploration of strategic alternatives and the impact of Tax Legislation. 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: declining physical mail volumes; competitive factors, including pricing pressures, technological developments, the introduction of new products and services by competitors, and fuel prices; our success in developing new products and services, including digital-based products and services, obtaining regulatory approvals, if needed, of new products, and the market's acceptance of these new products and services; our ability to fully utilize the enterprise business platform in North America , and successfully deploy it in major international markets without significant disruptions to existing operations; a breach of security, including a cyberattack or other comparable event; the continued availability and security of key information technology systems and the cost to comply with information security requirements and privacy laws; changes in postal or banking regulations; changes in, or loss of, our contractual relationships with the United States Postal Service; the risk of losing large clients in the Global Ecommerce segment; macroeconomic factors, including global and regional business conditions that adversely impact customer demand, foreign currency exchange rates, interest rates and labor conditions; capital market disruptions or credit rating downgrades that adversely impact our ability to access capital markets at reasonable costs; management of outsourcing arrangements; integrating newly acquired businesses, including operations and product and service offerings; management of customer credit risk; any potential impact from the announcement that the Board is conducting a review of strategic alternatives and other factors beyond its control as more fully outlined in the Company's 2016 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 months and twelve months ended December 31, 2017 and 2016, and consolidated balance sheets as of December 31, 2017 and December 31, 2016 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, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Revenue: | | | | |
| Equipment sales | $ 200,555 | $ 190,306 | $ 679,803 | $ 675,451 |
| Supplies | 64,482 | 64,051 | 252,824 | 262,682 |
| Software | 88,464 | 90,901 | 352,595 | 348,661 |
| Rentals | 94,578 | 103,032 | 386,348 | 412,738 |
| Financing | 80,834 | 89,632 | 331,416 | 366,547 |
| Support services | 123,911 | 129,188 | 478,536 | 512,820 |
| Business services | 396,293 | 219,959 | 1,068,426 | 827,676 |
| Total revenue | 1,049,117 | 887,069 | 3,549,948 | 3,406,575 |
| Costs and expenses: | | | | |
| Cost of equipment sales | 108,347 | 96,201 | 340,745 | 331,942 |
| Cost of supplies | 22,785 | 20,758 | 82,992 | 81,420 |
| Cost of software | 26,153 | 26,345 | 101,969 | 105,841 |
| Cost of rentals | 21,214 | 21,089 | 84,270 | 76,040 |
| Financing interest expense | 12,219 | 13,866 | 50,665 | 55,241 |
| Cost of support services | 71,744 | 70,895 | 288,976 | 295,685 |
| Cost of business services | 302,162 | 151,152 | 773,052 | 568,509 |
| Selling, general and administrative | 329,570 | 283,882 | 1,237,739 | 1,200,327 |
| Research and development | 32,896 | 31,545 | 129,767 | 121,306 |
| Goodwill impairment | - | 171,092 | - | 171,092 |
| Restructuring charges and asset impairments, net | 28,929 | 13,793 | 59,431 | 63,296 |
| Interest expense, net | 31,620 | 26,576 | 113,497 | 88,970 |
| Other expense, net | 3,856 | - | 3,856 | 536 |
| Total costs and expenses | 991,495 | 927,194 | 3,266,959 | 3,160,205 |
| Income (loss) before income taxes | 57,622 | (40,125) | 282,989 | 246,370 |
| (Benefit) provision for income taxes | (32,326) | 38,204 | 21,649 | 131,819 |
| Income (loss) from continuing operations | 89,948 | (78,329) | 261,340 | 114,551 |
| Loss from discontinued operations, net of tax | - | (750) | - | (2,701) |
| Net income (loss) | 89,948 | (79,079) | 261,340 | 111,850 |
| Less: Preferred stock dividends attributable to noncontrolling interests | - | 5,264 | - | 19,045 |
| Net income (loss) - Pitney Bowes Inc. | $ 89,948 | $ (84,343) | $ 261,340 | $ 92,805 |
| Amounts attributable to common stockholders: | | | | |
| Net income (loss) from continuing operations | $ 89,948 | $ (83,593) | $ 261,340 | $ 95,506 |
| Loss from discontinued operations, net of tax | - | (750) | - | (2,701) |
| Net income (loss) - Pitney Bowes Inc. | $ 89,948 | $ (84,343) | $ 261,340 | $ 92,805 |
| Basic earnings (loss) per share attributable to common stockholders [(1)]: | | | | |
| Continuing operations | $ 0.48 | $ (0.45) | $ 1.40 | $ 0.51 |
| Discontinued operations | - | - | - | (0.01) |
| Net income (loss) - Pitney Bowes Inc. | $ 0.48 | $ (0.45) | $ 1.40 | $ 0.49 |
| Diluted earnings (loss) per share attributable to common stockholders [(1)]: | | | | |
| Continuing operations | $ 0.48 | $ (0.45) | $ 1.39 | $ 0.51 |
| Discontinued operations | - | - | - | (0.01) |
| Net income (loss) - Pitney Bowes Inc. | $ 0.48 | $ (0.45) | $ 1.39 | $ 0.49 |
| Weighted-average shares used in diluted earnings per share | 188,046,578 | 185,645,814 | 187,435,080 | 188,975,198 |

(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, 2017** | **December 31, 2016** |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 1,009,021 | $ 764,522 |
| Short-term investments | 48,988 | 38,448 |
| Accounts receivable, net | 524,424 | 455,527 |
| Short-term finance receivables, net | 828,003 | 893,950 |
| Inventories | 89,679 | 92,726 |
| Current income taxes | 58,439 | 11,373 |
| Other current assets and prepayments | 77,954 | 68,637 |
| Total current assets | 2,636,508 | 2,325,183 |
| Property, plant and equipment, net | 379,044 | 314,603 |
| Rental property and equipment, net | 185,741 | 188,054 |
| Long-term finance receivables, net | 652,087 | 673,207 |
| Goodwill | 1,952,444 | 1,571,335 |
| Intangible assets, net | 272,186 | 165,172 |
| Noncurrent income taxes | 59,909 | 74,806 |
| Other assets | 540,796 | 524,773 |
| Total assets | $ 6,678,715 | $ 5,837,133 |
| **Liabilities and stockholders' equity (deficit)** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 1,487,575 | $ 1,378,822 |
| Current income taxes | 8,823 | 34,434 |
| Current portion of long-term debt | 271,057 | 614,485 |
| Advance billings | 288,372 | 299,878 |
| Total current liabilities | 2,055,827 | 2,327,619 |
| Deferred taxes on income | 236,974 | 204,289 |
| Tax uncertainties and other income tax liabilities | 116,551 | 61,276 |
| Long-term debt | 3,559,278 | 2,750,405 |
| Other noncurrent liabilities | 515,549 | 597,204 |
| Total liabilities | 6,484,179 | 5,940,793 |
| Stockholders' equity (deficit): | | |
| Cumulative preferred stock, $50 par value, 4% convertible | 1 | 1 |
| Cumulative preference stock, no par value, $2.12 convertible | 441 | 483 |
| Common stock, $1 par value | 323,338 | 323,338 |
| Additional paid-in-capital | 138,367 | 148,125 |
| Retained earnings | 5,229,584 | 5,107,734 |
| Accumulated other comprehensive loss | (786,198) | (940,133) |
| Treasury stock, at cost | (4,710,997) | (4,743,208) |
| Total Pitney Bowes Inc. stockholders' equity (deficit) | 194,536 | (103,660) |
| Total liabilities and stockholders' equity (deficit) | $ 6,678,715 | $ 5,837,133 |

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

| | Three months ended December 31, | | | Twelve months ended December 31, | | |
|---|---|---|---|---|---|---|
| | **2017** | **2016 [1]** | **% Change** | **2017** | **2016 [1]** | **% Change** |
| **Revenue** | | | | | | |
| North America Mailing | $ 339,921 | $ 362,638 | (6%) | $ 1,356,561 | $ 1,427,094 | (5%) |
| International Mailing | 101,520 | 102,345 | (1%) | 383,670 | 411,642 | (7%) |
| **Small & Medium Business Solutions** | 441,441 | 464,983 | (5%) | 1,740,231 | 1,838,736 | (5%) |
| Production Mail | 128,282 | 115,054 | 11% | 407,194 | 404,703 | 1% |
| Presort Services | 127,698 | 118,368 | 8% | 497,901 | 475,582 | 5% |
| **Enterprise Business Solutions** | 255,980 | 233,422 | 10% | 905,095 | 880,285 | 3% |
| Software Solutions | 88,293 | 90,817 | (3%) | 352,380 | 348,234 | 1% |
| Global Ecommerce | 263,403 | 97,847 | >100% | 552,242 | 339,320 | 63% |
| **Digital Commerce Solutions** | 351,696 | 188,664 | 86% | 904,622 | 687,554 | 32% |
| **Total revenue** | $ 1,049,117 | $ 887,069 | 18% | $ 3,549,948 | $ 3,406,575 | 4% |
| **EBIT** | | | | | | |
| North America Mailing | $ 128,147 | $ 143,282 | (11%) | $ 497,809 | $ 592,978 | (16%) |
| International Mailing | 12,197 | 11,964 | 2% | 48,164 | 44,806 | 7% |
| **Small & Medium Business Solutions** | 140,344 | 155,246 | (10%) | 545,973 | 637,784 | (14%) |
| Production Mail | 18,998 | 18,627 | 2% | 50,513 | 54,061 | (7%) |
| Presort Services | 28,045 | 25,953 | 8% | 97,506 | 95,258 | 2% |
| **Enterprise Business Solutions** | 47,043 | 44,580 | 6% | 148,019 | 149,319 | (1%) |
| Software Solutions | 10,419 | 12,251 | (15%) | 41,635 | 30,159 | 38% |
| Global Ecommerce | (5) | 5,651 | (100%) | (17,899) | 3,043 | >(100%) |
| **Digital Commerce Solutions** | 10,414 | 17,902 | (42%) | 23,736 | 33,202 | (29%) |
| **Segment EBIT [2]** | $ 197,801 | $ 217,728 | (9%) | $ 717,728 | $ 820,305 | (13%) |
| ***Reconciliation of segment EBIT to net income (loss)*** | | | | | | |
| **Segment EBIT** | $ 197,801 | $ 217,728 | | $ 717,728 | $ 820,305 | |
| Corporate expenses | (60,073) | (30,679) | | (204,211) | (189,215) | |
| **Adjusted EBIT** | 137,728 | 187,049 | | 513,517 | 631,090 | |
| Interest, net [3] | (43,839) | (40,442) | | (164,162) | (144,211) | |
| Goodwill impairment | - | (171,092) | | - | (171,092) | |
| Restructuring charges and asset impairments, net | (28,929) | (13,793) | | (59,431) | (63,296) | |
| Loss on extinguishment of debt | (3,856) | - | | (3,856) | - | |
| Impact of divestiture transactions | - | (1,847) | | - | (6,121) | |
| Transaction costs | (3,482) | - | | (9,164) | - | |
| Gain on sale of technology | - | - | | 6,085 | - | |
| **Income (loss) before income taxes** | 57,622 | (40,125) | | 282,989 | 246,370 | |
| Benefit (provision) for income taxes | 32,326 | (38,204) | | (21,649) | (131,819) | |
| **Income (loss) from continuing operations** | 89,948 | (78,329) | | 261,340 | 114,551 | |
| Loss from discontinued operations, net of tax | - | (750) | | - | (2,701) | |
| **Net income (loss)** | $ 89,948 | $ (79,079) | | $ 261,340 | $ 111,850 | |

(1) Prior period amounts have been recast to conform to the current year presentation.
(2) Segment EBIT excludes interest, taxes, general corporate expenses, restructuring charges, and other items that are not allocated to a particular business segment.
(3) 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, | | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | Y/Y Chg. | 2017 | 2016 | Y/Y Chg. |
| ***Reconciliation of reported revenue to revenue excluding currency*** | | | | | | |
| Revenue, as reported | $ 1,049,117 | $ 887,069 | | $ 3,549,948 | $ 3,406,575 | |
| (Favorable) unfavorable impact on revenue due to currency | (14,469) | | | 1,222 | | |
| Revenue, excluding currency | $ 1,034,648 | $ 887,069 | 17% | $ 3,551,170 | $ 3,406,575 | 4% |
| ***Reconciliation of reported net income (loss) to adjusted earnings*** | | | | | | |
| Net income (loss) | $ 89,948 | $ (79,079) | | $ 261,340 | $ 111,850 | |
| Loss from discontinued operations, net of tax | - | 750 | | - | 2,701 | |
| Restructuring charges and asset impairments, net | 19,599 | 9,945 | | 39,671 | 42,343 | |
| Goodwill impairment | - | 169,024 | | - | 169,024 | |
| Gain on sale of technology | - | - | | (5,605) | - | |
| Impact of divestiture transactions | - | 1,194 | | - | 4,099 | |
| Transaction costs | 2,178 | - | | 5,762 | - | |
| Loss on extinguishment of debt | 2,375 | - | | 2,375 | - | |
| Tax legislation | (38,774) | - | | (38,774) | - | |
| Preferred stock redemption | - | (2,047) | | - | 2,800 | |
| Net income, as adjusted | 75,326 | 99,787 | | 264,769 | 332,817 | |
| Provision for income taxes, as adjusted | 18,563 | 46,820 | | 84,586 | 154,062 | |
| Income from continuing operations before income taxes, as adjusted | 93,889 | 146,607 | | 349,355 | 486,879 | |
| Interest, net | 43,839 | 40,442 | | 164,162 | 144,211 | |
| EBIT, as adjusted | 137,728 | 187,049 | | 513,517 | 631,090 | |
| Depreciation and amortization | 50,347 | 38,261 | | 182,336 | 178,486 | |
| EBITDA, as adjusted | $ 188,075 | $ 225,310 | | $ 695,853 | $ 809,576 | |
| ***Reconciliation of reported diluted earnings per share to adjusted diluted earnings (loss) per share*** | | | | | | |
| Diluted earnings (loss) per share | $ 0.48 | $ (0.45) | | $ 1.39 | $ 0.49 | |
| Loss from discontinued operations, net of tax | - | 0.00 | | - | 0.01 | |
| Restructuring charges and asset impairments, net | 0.10 | 0.05 | | 0.21 | 0.22 | |
| Goodwill impairment | - | 0.90 | | - | 0.89 | |
| Gain on sale of technology | - | - | | (0.03) | - | |
| Impact of divestiture transactions | - | 0.01 | | - | 0.02 | |
| Transaction costs | 0.01 | - | | 0.03 | - | |
| Loss on extinguishment of debt | 0.01 | - | | 0.01 | - | |
| Tax legislation | (0.21) | - | | (0.21) | - | |
| Preferred stock redemption | - | 0.01 | | - | 0.03 | |
| Diluted earnings per share, as adjusted | $ 0.40 | $ 0.53 | | $ 1.41 | $ 1.68 | |

**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 [(1)] | $ 165,236 | $ 199,763 | | $ 495,813 | $ 496,122 | |
| Capital expenditures | (51,428) | (45,299) | | (170,990) | (160,831) | |
| Restructuring payments | 10,828 | 13,769 | | 40,804 | 64,930 | |
| Pension contribution | - | - | | - | 36,731 | |
| Reserve account deposits | 13,462 | (3,996) | | 10,954 | (2,183) | |
| Other | 7,396 | - | | 7,396 | 335 | |
| Free cash flow | $ 145,494 | $ 164,237 | | $ 383,977 | $ 435,104 | |

(1) Net cash provided by operating activities for the three and twelve months ended December 31, 2016 has been revised for a new accounting standard adopted January 1, 2017.

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