

PITNEY BOWES INC /DE/  
Form 10-Q  
November 04, 2011

**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, 2011**

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: 1-3579**

**PITNEY BOWES INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**06-0495050**

(I.R.S. Employer Identification No.)

**1 Elmcroft Road, Stamford, Connecticut**

(Address of principal executive offices)

**06926-0700**

(Zip Code)

**(203) 356-5000**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes

No

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

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Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of November 1, 2011. Yes  No

Class	Outstanding
Common Stock, \$1 par value per share	199,637,576 shares
1	

**PITNEY BOWES INC.**  
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## PART I. FINANCIAL INFORMATION

## Item 1: Financial Statements

**PITNEY BOWES INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited; in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<b>Revenue:</b>				
Equipment sales	\$ 221,475	\$ 245,634	\$ 706,027	\$ 713,021
Supplies	74,271	77,304	235,728	239,635
Software	113,224	98,444	318,305	270,508
Rentals	140,172	151,399	425,799	456,977
Financing	150,038	157,333	454,223	476,712
Support services	175,286	175,844	530,707	531,176
Business services	425,258	439,784	1,266,478	1,303,183
<b>Total revenue</b>	<b>1,299,724</b>	<b>1,345,742</b>	<b>3,937,267</b>	<b>3,991,212</b>
<b>Costs and expenses:</b>				
Cost of equipment sales	97,559	113,282	316,697	320,191
Cost of supplies	22,611	23,843	74,365	73,381
Cost of software	23,431	23,630	73,541	65,993
Cost of rentals	32,581	36,277	97,989	107,658
Financing interest expense	21,430	22,189	66,915	65,948
Cost of support services	114,074	111,521	344,767	337,822
Cost of business services	326,415	335,588	985,232	1,003,712
Selling, general and administrative	430,650	435,292	1,296,584	1,304,941
Research and development	35,573	38,454	107,772	117,487
Restructuring charges and asset impairments	32,956	33,805	63,974	103,039
Goodwill impairment	45,650		45,650	
Other interest expense	28,932	29,310	86,006	86,172
Interest income	(1,265)	(393)	(4,702)	(1,851)
Other income, net	(10,718)		(10,718)	
<b>Total costs and expenses</b>	<b>1,199,879</b>	<b>1,202,798</b>	<b>3,544,072</b>	<b>3,584,493</b>
Income from continuing operations before income taxes	99,845	142,944	393,195	406,719
(Benefit) provision for income taxes	(17,087)	46,880	77,319	155,302
Income from continuing operations	116,932	96,064	315,876	251,417
Gain (loss) from discontinued operations, net of tax	60,428	(2,536)	57,911	(8,332)
Net income before attribution of noncontrolling interests	177,360	93,528	373,787	243,085
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,593	4,593	13,781	13,730
Net income - Pitney Bowes Inc.	\$ 172,767	\$ 88,935	\$ 360,006	\$ 229,355

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Amounts attributable to common stockholders:

Income from continuing operations	\$ 112,339	\$ 91,471	\$ 302,095	\$ 237,687
Gain (loss) from discontinued operations	60,428	(2,536)	57,911	(8,332)

Net income - Pitney Bowes Inc.	\$ 172,767	\$ 88,935	\$ 360,006	\$ 229,355
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Basic earnings per share attributable to common stockholders (1):

Continuing operations	\$ 0.56	\$ 0.44	\$ 1.49	\$ 1.15
Discontinued operations	0.30	(0.01)	0.29	(0.04)

Net income - Pitney Bowes Inc.	\$ 0.86	\$ 0.43	\$ 1.78	\$ 1.11
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Diluted earnings per share attributable to common stockholders (1):

Continuing operations	\$ 0.56	\$ 0.44	\$ 1.48	\$ 1.15
Discontinued operations	0.30	(0.01)	0.28	(0.04)

Net income - Pitney Bowes Inc.	\$ 0.85	\$ 0.43	\$ 1.77	\$ 1.11
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Dividends declared per share of common stock	\$ 0.37	\$ 0.365	\$ 1.11	\$ 1.095
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(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 BALANCE SHEETS**  
(Unaudited; in thousands, except share and per share data)

	September 30, 2011	December 31, 2010
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 715,194	\$ 484,363
Short-term investments	53,866	30,609
Accounts receivables, gross	707,120	824,015
Allowance for doubtful accounts receivables	(32,123)	(31,880)
Accounts receivables, net	<u>674,997</u>	<u>792,135</u>
Finance receivables	1,312,858	1,370,305
Allowance for credit losses	(51,247)	(48,709)
Finance receivables, net	<u>1,261,611</u>	<u>1,321,596</u>
Inventories	178,553	168,967
Current income taxes	67,263	103,542
Other current assets and prepayments	118,191	107,029
Total current assets	<u>3,069,675</u>	<u>3,008,241</u>
Property, plant and equipment, net	414,342	426,501
Rental property and equipment, net	267,189	300,170
Finance receivables	1,135,890	1,265,220
Allowance for credit losses	(19,554)	(20,721)
Finance receivables, net	<u>1,116,336</u>	<u>1,244,499</u>
Investment in leveraged leases	133,995	251,006
Goodwill	2,248,942	2,306,793
Intangible assets, net	243,349	297,443
Non-current income taxes	127,986	130,601
Other assets	541,253	478,769
Total assets	<u>\$ 8,163,067</u>	<u>\$ 8,444,023</u>