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PITNEY BOWES INC /DE/  
Form 8-K  
July 20, 2006

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

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FORM 8-K

CURRENT REPORT

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

JULY 20, 2006 (JULY 14, 2006)  
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<br>incorporation or organization) | (Commission file number) | (I.R.S. Employer<br>Identification No.) |

WORLD HEADQUARTERS  
1 ELMCROFT ROAD  
STAMFORD, CONNECTICUT 06926-0700  
(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))

SECTION 2 - FINANCIAL INFORMATION

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### ITEM 2.01. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

On July 14, 2006, Pitney Bowes Inc. ("Pitney Bowes") completed the sale of its Capital Services external financing business pursuant to the sale of all of the outstanding shares of Pitney Bowes Credit Corporation (PBCC), which was a wholly-owned subsidiary of Pitney Bowes to JCC Management LLC, an affiliate of Cerberus Capital Management L.P. (the "Purchaser").

Net of transaction expenses, Pitney Bowes received approximately \$750 million from the disposition of the business. In addition, the Purchaser assumed approximately \$470 million of Pitney Bowes' non-recourse debt and other liabilities in connection with this transaction. The sale was completed in accordance with the terms of the Stock Purchase Agreement, dated May 16, 2006, by and between Pitney Bowes and the Purchaser (the "Purchase Agreement").

Other than in respect of the Purchase Agreement and the agreements entered into in connection therewith, there are no material relationships between Pitney Bowes and its affiliates, on the one hand, and the Purchaser, and its respective affiliates, on the other hand.

Pitney Bowes' press release dated July 17, 2006 announcing the completion of the sale is attached hereto as Exhibit 99.1 and incorporated herein by reference.

### ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

#### (b) Proforma Financial Information

The following unaudited pro forma consolidated balance sheet as of March 31, 2006 and the unaudited consolidated statements of income for the years ended December 31, 2005, 2004, and 2003 and the three months ended March 31, 2006 and 2005, have been prepared to present the consolidated financial position and the consolidated results of operations of Pitney Bowes as if the sale of its Capital Services external financing business had occurred on March 31, 2006 for the unaudited pro forma consolidated balance sheet and at the beginning of each period presented for the unaudited pro forma consolidated statements of income. The unaudited pro forma financial information was prepared in accordance with Article 11 of Regulation S-X.

The unaudited pro forma consolidated financial statements should be read together with Pitney Bowes' historical consolidated financial statements in the Quarterly Report on Form 10-Q for the three months ended March 31, 2006 and in the Annual Report on Form 10-K for the year ended December 31, 2005.

The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and, therefore, are not necessarily indicative of the operating results and financial position that may occur in the future.

PITNEY BOWES INC.  
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
MARCH 31, 2006  
(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

As reported                      Capit  
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ASSETS

Current assets:

|  |              |        |
|--|--------------|--------|
| Cash and cash equivalents  | \$ 195,341   | \$ (7  |
| Short-term investments   | 70,795       |        |
| Accounts receivables, less allowances:<br>3/06, \$46,646; 12/05, \$46,261          | 660,270      |        |
| Finance receivables, less allowances:<br>3/06, \$56,488; 12/05, \$52,622 .         | 1,425,953    |        |
| Inventories  | 225,870      |        |
| Other current assets and prepayments   | 215,225      |        |
|  | -----        |        |
| Total current assets   | 2,793,454    | (6     |
| Property, plant and equipment, net   | 615,544      |        |
| Rental property and equipment, net   | 1,006,466    | 5      |
| Property leased under capital leases, net  | 2,673        |        |
| Long-term finance receivables, less allowances:<br>3/06, \$70,133; 12/05, \$76,240 | 1,831,442    | 1      |
| Investment in leveraged leases   | 1,413,717    | 1,1    |
| Goodwill   | 1,646,883    |        |
| Intangible assets, net   | 349,564      |        |
| Other assets   | 928,719      |        |
|  | -----        |        |
| Total assets   | \$10,588,462 | \$ 1,2 |
|  | =====        |        |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

|  |              |        |
|--|--------------|--------|
| Accounts payable and accrued liabilities                   | \$ 1,453,641 | \$     |
| Income taxes payable                                       | 85,806       | (9     |
| Notes payable and current portion of long-term obligations | 894,232      |        |
| Advance billings   | 496,534      |        |
|  | -----        |        |
| Total current liabilities                                  | 2,930,213    | (9     |
| Deferred taxes on income                                   | 1,907,769    | 1,2    |
| Long-term debt   | 3,778,208    | 4      |
| Other noncurrent liabilities                               | 313,673      |        |
|  | -----        |        |
| Total liabilities  | 8,929,863    | 8      |
|  | -----        |        |
| Preferred stockholders' equity in a subsidiary company     | 310,000      |        |
| Total stockholders' equity                                 | 1,348,599    | 4      |
|  | -----        |        |
| Total liabilities and stockholders' equity                 | \$10,588,462 | \$ 1,2 |
|  | =====        |        |

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2005  
 (AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

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|   | As reported  | Capital Services (D) |
|---|--------------|----------------------|
|   |              |                      |
| Revenue from:   |              |                      |
| Sales   | \$ 1,633,348 | \$ --                |
| Rentals   | 801,285      | --                   |
| Financing   | 650,226      | --                   |
| Support services                                      | 791,360      | --                   |
| Business services                                     | 1,477,459    | --                   |
| Capital Services                                      | 138,505      | 81,725               |
|   |              |                      |
| Total revenue   | 5,492,183    | 81,725               |
|   |              |                      |
| Costs and expenses:                                   |              |                      |
| Cost of sales   | 711,373      | --                   |
| Cost of rentals                                       | 165,963      | --                   |
| Cost of support services                              | 407,044      | --                   |
| Cost of business services                             | 1,194,649    | --                   |
| Selling, general and administrative                   | 1,685,419    | 35,150               |
| Research and development                              | 164,806      | --                   |
| Restructuring charge                                  | 53,650       | --                   |
| Other expense   | 33,897       | 25,226               |
| Interest, net   | 208,258      | 11,465               |
|   |              |                      |
| Total costs and expenses                              | 4,625,059    | 71,841               |
|   |              |                      |
| Income from continuing operations before income taxes | 867,124      | 9,884                |
| Provision for income taxes                            | 340,546      | (7,279)              |
|   |              |                      |
| Income from continuing operations                     | \$ 526,578   | \$ 17,163            |
| EPS Impact:   |              |                      |
| Basic   | \$ 2.30      | \$ 0.07              |
| Diluted   | \$ 2.27      | \$ 0.07              |

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2004  
 (AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

|               | As reported | Capital Services (D) |
|---------------|-------------|----------------------|
|               |             |                      |
| Revenue from: |             |                      |

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|   |              |           |
|---|--------------|-----------|
| Sales   | \$ 1,462,967 | \$ --     |
| Rentals   | 804,351      | --        |
| Financing   | 597,792      | --        |
| Support services                                      | 680,702      | --        |
| Business services                                     | 1,270,113    | --        |
| Capital Services                                      | 141,515      | 84,652    |
|   | -----        | -----     |
| Total revenue   | 4,957,440    | 84,652    |
|   | -----        | -----     |
| Costs and expenses:                                   |              |           |
| Cost of sales   | 663,584      | --        |
| Cost of rentals                                       | 164,074      | --        |
| Cost of support services                              | 353,658      | --        |
| Cost of business services                             | 1,046,747    | --        |
| Cost of Capital Services                              | 13,017       | 13,017    |
| Selling, general and administrative                   | 1,506,308    | 20,637    |
| Research and development                              | 159,835      | --        |
| Restructuring charge                                  | 157,634      | --        |
| Other expense   | 19,666       | --        |
| Interest, net   | 173,469      | 10,753    |
|   | -----        | -----     |
| Total costs and expenses                              | 4,257,992    | 44,407    |
|   | -----        | -----     |
| Income from continuing operations before income taxes | 699,448      | 40,245    |
| Provision for income taxes                            | 218,922      | 2,538     |
|   | -----        | -----     |
| Income from continuing operations                     | \$ 480,526   | \$ 37,707 |
|   |              |           |
| EPS Impact:   |              |           |
| Basic   | \$ 2.08      | \$ 0.16   |
| Diluted   | \$ 2.05      | \$ 0.16   |

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2003  
 (AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

|               | As reported  | Capital Services(D) |
|---------------|--------------|---------------------|
|               | -----        | -----               |
| Revenue from: |              |                     |
| Sales         | \$ 1,325,490 | \$ --               |
| Rentals       | 785,130      | --                  |

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|   |            |           |
|---|------------|-----------|
| Financing   | 575,574    | --        |
| Support services                                      | 617,800    | --        |
| Business services                                     | 1,119,146  | --        |
| Capital Services                                      | 153,713    | 98,380    |
|   | -----      | -----     |
| Total revenue   | 4,576,853  | 98,380    |
|   | -----      | -----     |
| Costs and expenses:                                   |            |           |
| Cost of sales   | 611,620    | --        |
| Cost of rentals                                       | 170,557    | --        |
| Cost of support services                              | 323,279    | --        |
| Cost of business services                             | 921,027    | --        |
| Selling, general and administrative                   | 1,396,848  | 29,959    |
| Research and development                              | 147,262    | --        |
| Restructuring charge                                  | 116,713    | --        |
| Other income  | (117)      | --        |
| Interest, net   | 168,573    | 793       |
|   | -----      | -----     |
| Total costs and expenses                              | 3,855,762  | 30,752    |
|   | -----      | -----     |
| Income from continuing operations before income taxes | 721,091    | 67,628    |
| Provision for income taxes                            | 226,244    | 12,365    |
|   | -----      | -----     |
| Income from continuing operations                     | \$ 494,847 | \$ 55,263 |
| EPS Impact:   |            |           |
| Basic   | \$ 2.12    | \$ 0.24   |
| Diluted   | \$ 2.09    | \$ 0.23   |

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE THREE MONTHS ENDED MARCH 31, 2006  
 (AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

|                   | As reported | Capital Ser |
|-------------------|-------------|-------------|
|                   | -----       | -----       |
| Revenue from:     |             |             |
| Sales             | \$ 405,778  | \$          |
| Rentals           | 196,812     |             |
| Financing         | 174,996     |             |
| Support services  | 194,543     |             |
| Business services | 386,368     |             |

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|   |            |       |
|---|------------|-------|
| Capital Services                                      | 45,607     | 28,   |
| Total revenue   | 1,404,104  | 28,   |
| Costs and expenses:                                   |            |       |
| Cost of sales   | 177,446    |       |
| Cost of rentals                                       | 43,539     |       |
| Cost of support services                              | 102,615    |       |
| Cost of business services                             | 306,326    |       |
| Selling, general and administrative                   | 439,865    | 16,   |
| Research and development                              | 41,536     |       |
| Restructuring charge                                  | 5,597      |       |
| Other income  | (10,599)   | (10,  |
| Interest, net   | 65,330     | 9,    |
| Total costs and expenses                              | 1,171,655  | 14,   |
| Income from continuing operations before income taxes | 232,449    | 14,   |
| Provision for income taxes                            | 78,921     | 4,    |
| Income from continuing operations                     | \$ 153,528 | \$ 9, |
| EPS Impact:   |            |       |
| Basic   | \$ 0.68    | \$ 0  |
| Diluted   | \$ 0.67    | \$ 0  |

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE THREE MONTHS ENDED MARCH 31, 2005  
 (AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

|                   | As reported | Capital S |
|-------------------|-------------|-----------|
| Revenue from:     |             |           |
| Sales             | \$ 381,427  | \$        |
| Rentals           | 201,641     |           |
| Financing         | 157,275     |           |
| Support services  | 194,934     |           |
| Business services | 349,103     |           |
| Capital Services  | 33,408      | 1         |
| Total revenue     | 1,317,788   | 1         |

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|   |            |    |
|---|------------|----|
| Costs and expenses:                                   |            |    |
| Cost of sales   | 168,221    |    |
| Cost of rentals                                       | 42,317     |    |
| Cost of support services                              | 100,366    |    |
| Cost of business services                             | 289,110    |    |
| Selling, general and administrative                   | 413,810    |    |
| Research and development                              | 41,778     |    |
| Restructuring gain                                    | (15,840)   |    |
| Other expense   | 10,000     |    |
| Interest, net   | 46,816     |    |
|   | -----      |    |
| Total costs and expenses                              | 1,096,578  | 1  |
|   | -----      |    |
| Income from continuing operations before income taxes | 221,210    |    |
| Provision for income taxes                            | 75,935     |    |
|   | -----      |    |
| Income from continuing operations                     | \$ 145,275 | \$ |
| EPS Impact:   |            |    |
| Basic   | \$ 0.63    | \$ |
| Diluted   | \$ 0.62    | \$ |

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

- A. Includes net cash proceeds from the sale of approximately \$750 million.
- B. Reflects the current taxes payable of approximately \$977 million resulting from the sale.
- C. Reflects the net after-tax loss upon sale.
- D. Reflects the removal of Capital Services' results for the period.
- E. The Company adopted the provisions of SFAS No. 123 (R) (revised 2004), "Share-Based Payments" on January 1, 2006 using the modified retrospective application. These adjustments reflect the impact of SFAS No. 123 (R) as if the adoption had occurred at the beginning of the respective period.

(c) Exhibits

- 99.1 Press release of Pitney Bowes Inc. dated July 17, 2006



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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.

July 20, 2006

/s/ B.P. Nolop

-----  
B.P. Nolop  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

/s/ S.J. Green

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S.J. Green  
Vice President - Finance and  
Chief Accounting Officer  
(Principal Accounting Officer)