WESTPORT INNOVATIONS INC
Form 6-K
March 10, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of **March, 2015**

Commission File Number: 001-34152

WESTPORT INNOVATIONS INC.

(Translation of registrant's name into English)

1750 West 75th Avenue, Suite 101, Vancouver, British Columbia, Canada, V6P 6G2

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-________

EXHIBIT INDEX

Exhibit	Description
99.1	News Release Dated March 9, 2015 - Westport Reports Fourth Quarter and Fiscal 2014 Financial Results

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.

	Westport Innovations Inc. (Registrant)
Date: March 9, 2015	By: /s/ Ashoka Achuthan Ashoka Achuthan Chief Financial Officer

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Investment securities

Money market funds / commercial paper	$ 403,706	$ 224,440	$ —	$ 628,146
Equity securities	—	26,536	—	26,536
Commingled fixed income securities	—	24,695	—	24,695
Debt securities - U.S. and foreign governments, agencies and municipalities	122,783	17,653	—	140,436

Debt securities - corporate
—

38,264

—

38,264

Mortgage-backed / asset-backed securities
—

164,598

—

164,598

Derivatives

Foreign exchange contracts
—

1,358

—

1,358

Total assets
$
526,489

$
497,544

$
—

$
1,024,033

Liabilities:

Investment securities

Mortgage-backed securities
$
—

$
(4,445
)

$
—

$
(4,445
)
Derivatives

Foreign exchange contracts
—

(3,009
)

—

(3,009
)
Total liabilities
$
—

$
(7,454
)

$
—

$
(7,454
)

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PITNEY BOWES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities				
Money market funds / commercial paper	$581,648	$34,369	$—	$616,017
Equity securities	—	25,106	—	25,106
Commingled fixed income securities	—	29,359	—	29,359
Debt securities - U.S. and foreign governments, agencies and municipalities	124,221	18,908	—	143,129
Debt securities - corporate	—	43,926	—	43,926
Mortgage-backed / asset-backed securities	—	162,375	—	162,375
Derivatives				
Interest rate swaps	—	10,117	—	10,117
Foreign exchange contracts	—	2,582	—	2,582
Total assets	$705,869	$326,742	$—	$1,032,611
Liabilities:				
Derivatives				
Foreign exchange contracts	$—	$(1,174)	$—	$(1,174)
Total liabilities	$—	$(1,174)	$—	$(1,174)

Investment Securities

The valuation of investment securities is based on the market approach using inputs that are observable, or can be corroborated by observable data, in an active marketplace. The following information relates to our classification into the fair value hierarchy:

- Money Market Funds / Commercial Paper: Money market funds typically invest in government securities, certificates of deposit, commercial paper and other highly liquid, low risk securities. Money market funds are principally used for overnight deposits and are classified as Level 1 when unadjusted quoted prices in active markets are available and as Level 2 when they are not actively traded on an exchange. Direct investments in commercial paper are not listed on an exchange in an active market and are classified as Level 2.
- Equity Securities: Equity securities are comprised of mutual funds investing in U.S. and foreign common stock. These mutual funds are classified as Level 2 as they are not separately listed on an exchange.
- Commingled Fixed Income Securities: Mutual funds that invest in a variety of fixed income securities including securities of the U.S. government and its agencies, corporate debt, mortgage-backed securities and asset-backed securities. The value of the funds is based on the market value of the underlying investments owned by each fund, minus its liabilities, divided by the number of shares outstanding, as reported by the fund manager. These commingled funds are not listed on an exchange in an active market and are classified as Level 2.
- Debt Securities – U.S. and Foreign Governments, Agencies and Municipalities: Debt securities are classified as Level 1 where active, high volume trades for identical securities exist. Valuation adjustments are not applied to these securities. Debt securities valued using quoted market prices for similar securities or benchmarking model derived prices to quoted market prices and trade data for identical or comparable securities are classified as Level 2.
- Debt Securities – Corporate: Corporate debt securities are valued using recently executed transactions, market price quotations where observable, or bond spreads. The spread data used are for the same maturity as the security. These securities are classified as Level 2.
- Mortgage-Backed Securities / Asset-Backed Securities: These securities are valued based on external pricing indices. When external index pricing is not observable, these securities are valued based on external price/spread data. These securities are classified as Level 2.

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Available-For-Sale Securities
At December 31, 2013 and 2012, available-for-sale securities consisted of the following:

	December 31, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. and foreign governments, agencies and municipalities	121,803	999	(3,372)	119,430
Corporate	37,901	935	(572)	38,264
Mortgage-backed / asset-backed securities	165,664	1,570	(2,636)	164,598
Total	$325,368	$3,504	$(6,580)	$322,292
	December 31, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. and foreign governments, agencies and municipalities	127,807	3,972	(56)	131,723
Corporate	41,095	2,851	(20)	43,926
Mortgage-backed / asset-backed securities	162,180	3,340	(3,145)	162,375
Total	$331,082	$10,163	$(3,221)	$338,024

Gross unrealized losses on investment securities that were in a loss position for greater than 12 months were $1 million at December 31, 2013 and less than $1 million at December 31, 2012. We have not recognized an other-than-temporary impairment on any of the investment securities in an unrealized loss position because we do not intend to sell these securities, it is more likely than not that we will not be required to sell these securities before recovery of the unrealized losses and we expect to receive the contractual principal and interest on these investment securities.

At December 31, 2013, the amortized cost and estimated fair value of available-for-sale securities have scheduled maturities as follows:

	Amortized cost	Estimated fair value
Within 1 year	$41,853	$41,932
After 1 year through 5 years	46,869	47,284
After 5 years through 10 years	67,160	66,140
After 10 years	169,486	166,936
Total	$325,368	$322,292

The expected payments on mortgage-backed and asset-backed securities may not coincide with their contractual maturities as borrowers have the right to prepay obligations with or without prepayment penalties.

We have not experienced any write-offs in our investment portfolio. The majority of our mortgage-backed securities are either guaranteed or supported by the U.S. government. We have no investments in inactive markets that would warrant a possible change in our pricing methods or classification within the fair value hierarchy. Further, we have no investments in auction rate securities.

Derivative Instruments

The valuation of foreign exchange derivatives is based on a market approach using observable market inputs, such as forward rates. The valuation of interest rate swaps is based on an income approach using a model with inputs that are observable or that can be derived from or corroborated by observable market data. As required by the fair value measurements guidance, we also incorporate counterparty credit risk and our credit risk into the fair value measurement of our derivative assets and liabilities, respectively. We derive credit risk from observable data related to credit default swaps.

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The fair value of our derivative instruments at December 31, 2013 and 2012 was as follows:

Designation of Derivatives	Balance Sheet Location	December 31, 2013	2012
Derivatives designated as hedging instruments	Other current assets and prepayments:		
	Foreign exchange contracts	$546	$78
	Other assets:		
	Interest rate swaps	—	10,117
	Accounts payable and accrued liabilities:		
	Foreign exchange contracts	(526)	(320)
Derivatives not designated as hedging instruments	Other current assets and prepayments:		
	Foreign exchange contracts	812	2,504
	Accounts payable and accrued liabilities:		
	Foreign exchange contracts	(2,483)	(854)
	Total derivative assets	1,358	12,699
	Total derivative liabilities	(3,009)	(1,174)
	Total net derivative (liability) asset	$(1,651)	$11,525

Interest Rate Swaps
Derivatives designated as fair value hedges include interest rate swaps related to fixed rate debt. Changes in the fair value of both the derivative and item being hedged are recognized in earnings. The following represents the results of fair value hedging relationships for the years ended December 31, 2013 and 2012:

		Year Ended December 31, Derivative Gain Recognized in Earnings		Hedged Item Expense Recognized in Earnings	
Derivative Instrument	Location of Gain (Loss)	2013	2012	2013	2012
Interest rate swaps	Interest expense	$3,798	$9,994	$(11,883)	$(31,137)

Foreign Exchange Contracts
We enter into foreign currency exchange contracts to mitigate the currency risk associated with the anticipated purchase of inventory between affiliates and from third parties. These contracts are designated as cash flow hedges. The effective portion of the gain or loss on cash flow hedges is included in accumulated other comprehensive income (AOCI) in the period that the change in fair value occurs and is reclassified to earnings in the period that the hedged item is recorded in earnings. At December 31, 2013 and 2012, we had outstanding contracts associated with these anticipated transactions with a notional amount of $26 million and $25 million, respectively. The fair value of these contracts was a net asset of less than $1 million at December 31, 2013 and a net liability of less than $1 million at December 31, 2012.
The amounts included in AOCI at December 31, 2013 will be recognized in earnings within the next 12 months. No amount of ineffectiveness was recorded in earnings for these designated cash flow hedges.

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The following represents the results of cash flow hedging relationships for the years ended December 31, 2013 and 2012:

Derivative Instrument	Year Ended December 31, Derivative Gain (Loss) Recognized in AOCI (Effective Portion) 2013	2012	Location of Gain (Loss) (Effective Portion)	Gain (Loss) Reclassified from AOCI to Earnings (Effective Portion) 2013	2012
Foreign exchange contracts	$241	$(2,055)	Revenue	$(835)	$1,298
			Cost of sales	332	(185)
				$(503)	$1,113

We also enter into foreign exchange contracts to minimize the impact of exchange rate fluctuations on short-term intercompany loans and related interest that are denominated in a foreign currency. The revaluation of the intercompany loans and interest and the mark-to-market adjustment on the derivatives are both recorded in earnings. The fair value of these contracts was a net liability of $2 million at December 31, 2013 and a net asset of $2 million at December 31, 2012. All outstanding contracts at December 31, 2013 mature within one year.
The following represents the results of our non-designated derivative instruments for the years ended December 31, 2013 and 2012:

Derivatives Instrument	Location of Derivative Gain (Loss)	Year Ended December 31, Derivative Gain (Loss) Recognized in Earnings 2013	2012
Foreign exchange contracts	Selling, general and administrative expense	$(16,574)	$(4,254)

Credit-Risk-Related Contingent Features
Certain derivative instruments contain credit-risk-related contingent features that would require us to post collateral based on a combination of our long-term senior unsecured debt ratings and the net fair value of our derivatives. At December 31, 2013, the maximum amount of collateral that we would have been required to post had the credit-risk-related contingent features been triggered was $2 million.

Fair Value of Financial Instruments
Our financial instruments include cash and cash equivalents, investment securities, accounts receivable, loan receivables, derivative instruments, accounts payable and debt. The carrying value for cash and cash equivalents, accounts receivable, loans receivable, and accounts payable approximate fair value because of the short maturity of these instruments.
The fair value of our debt is estimated based on recently executed transactions and market price quotations. The inputs used to determine the fair value of our debt were classified as Level 2 in the fair value hierarchy. The carrying value and estimated fair value of our debt at December 31, 2013 and 2012 was as follows:

	December 31, 2013	2012
Carrying value	$3,346,295	$4,017,375
Fair value	$3,539,022	$4,200,970

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14. Restructuring Charges and Asset Impairments

The table below shows the activity in our restructuring reserves for the years ended December 31, 2013, 2012 and 2011 and includes amounts for both continuing operations and discontinued operations.

	Severance and benefits costs	Pension and Retiree Medical	Asset impairments	Other exit costs	Total
Balance at December 31, 2010	$101,639	$—	$—	$11,561	$113,200
Expenses, net	101,043	8,178	13,528	12,471	135,220
Gain on sale of facility	—	—	(601)	—	(601)
Cash payments	(97,646)	—	601	(9,957)	(107,002)
Non-cash charges	—	(8,178)	(13,528)	—	(21,706)
Balance at December 31, 2011	105,036	—	—	14,075	119,111
Expenses, net	24,992	—	—	(1,627)	23,365
Cash payments	(67,488)	—	—	(7,230)	(74,718)
Balance at December 31, 2012	62,540	—	—	5,218	67,758
Expenses, net	48,373	1,964	71	9,961	60,369
Cash payments	(52,355)	—	—	(7,165)	(59,520)
Non-cash charges	—	(1,964)	(71)	—	(2,035)
Balance at December 31, 2013	$58,558	$—	$—	$8,014	$66,572

In 2013, we initiated actions designed to further enhance our responsiveness to changing market conditions, streamline our business operations, reduce our cost structure and create long-term flexibility to invest in growth. These actions resulted in restructuring charges of $67 million. Restructuring charges also include the reversal of $7 million based on a review of our remaining obligations under prior programs. The majority of the remaining restructuring reserves are expected to be paid over the next 12-24 months. Due to certain international labor laws and long-term lease agreements, some payments will extend beyond 24 months. We expect to fund these payments from cash flows from operations.

During 2012, we took actions to further streamline our business operations and reduce our cost structure. These actions consisted primarily of workforce reductions and resulted in a pre-tax restructuring charge of $38 million. Restructuring charges are net of reversals of $15 million for changes in estimated reserves for prior period programs.

Restructuring charges in 2011 represent charges taken in connection with a series of strategic transformation initiatives announced in 2009. These initiatives were designed to transform and enhance the way we operate as a global company, enhance our responsiveness to changing market conditions and create improved processes and systems and were implemented over a three year period through 2011.

Asset Impairments

During 2013, we recorded a non-cash impairment charge of $26 million related to an agreement to sell our corporate headquarters building (see Note 3).

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15. Commitments and Contingencies
In the ordinary course of business, we are routinely defendants in, or party to, a number of pending and threatened legal actions. These may involve litigation by or against us relating to, among other things, contractual rights under vendor, insurance or other contracts; intellectual property or patent rights; equipment, service, payment or other disputes with clients; or disputes with employees. Some of these actions may be brought as a purported class action on behalf of a purported class of employees, clients or others.

In December 2013, we received a Civil Investigative Demand (CID) from the Department of Justice (DOJ) pursuant to the False Claims Act requesting documents and information relating to compliance with certain postal regulatory requirements in our Presort Services business. We had previously provided information to the DOJ in response to letter requests and continue to provide information in response to the CID and other requests from the DOJ. Given the current stage of this inquiry, we cannot provide an estimate of any possible losses or range of loss and we cannot yet predict the ultimate outcome of this matter or its impact, if any, on our business, financial condition or results of operations.

16. Leases
We lease office facilities, sales and service offices, equipment and other properties under operating lease agreements extending from three to eight years. Certain leases require us to pay property taxes, insurance and routine maintenance and include renewal options and escalation clauses. Rental expense was $67 million, $68 million and $78 million in 2013, 2012 and 2011, respectively. Future minimum lease payments under non-cancelable operating leases at December 31, 2013 were as follows:

Years ending December 31,	
2014	$55,908
2015	43,089
2016	30,246
2017	21,234
2018	15,660
Thereafter	35,115
Total minimum lease payments	$201,252

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17. Segment Information
During the year, we sold certain businesses and realigned our segment reporting to reflect the clients we serve, the solutions we offer, and how we manage, review, analyze and measure our operations (See Note 1). Our historical results have been recast to present the operating results of divested businesses as discontinued operations and our segment results have been recast to conform to our new segment reporting. The principal products and services of each of our reporting segments are as follows:

Small & Medium Business Solutions:
North America Mailing: Includes the revenue and related expenses from the sale, rental and financing of mailing equipment and supplies for small and medium size businesses to efficiently create mail and evidence postage in the U.S. and Canada.
International Mailing: Includes the revenue and related expenses from the sale, rental and financing of mailing equipment and supplies for small and medium size businesses to efficiently create mail and evidence postage in areas outside North America.

Enterprise Business Solutions:
Production Mail: Includes the worldwide revenue and related expenses from the sale, support and other professional services of our high-speed sorting and production print equipment and production mail systems to large enterprise clients to process inbound and outbound mail.
Presort Services: Includes revenue and related expenses from presort mail services for our large enterprise clients to qualify large mail volumes for postal worksharing discounts.

Digital Commerce Solutions:
Digital Commerce Solutions: Includes the worldwide revenue and related expenses from (i) the sale and support services of non-equipment-based mailing, client relationship and communication and location intelligence software; (ii) direct marketing services for targeted clients; (iii) our cross-border e-commerce solutions; and (iv) our digital mail delivery service offering.

Revenue and segment earnings before interest and taxes (EBIT) for our reportable segments for the years ended December 31, 2013, 2012 and 2011 are presented in the tables below. Segment EBIT is determined by deducting from segment 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 impairment charges, which are recognized on a consolidated basis. Management uses segment EBIT to measure profitability and performance at the segment level. Management believes segment EBIT provides investors with an analysis of the company's operating performance and underlying trends of the businesses. Segment EBIT may not be indicative of our overall consolidated performance and therefore, should be read in conjunction with our consolidated results of operations.

	Revenues		
	Years Ended December 31,		
	2013	2012	2011
North America Mailing	$1,723,304	$1,818,952	$1,961,198
International Mailing	608,156	607,644	659,052
Small & Medium Business Solutions	2,331,460	2,426,596	2,620,250
Production Mail	511,544	480,718	511,595
Presort Services	430,469	429,804	396,853
Enterprise Business Solutions	942,013	910,522	908,448

Digital Commerce Solutions	595,928	577,946	596,643
Total revenue	$3,869,401	$3,915,064	$4,125,341

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	EBIT		
	Years Ended December 31,		
	2013	2012	2011
North America Mailing	$675,389	$688,665	$727,999
International Mailing	71,502	76,139	93,243
Small & Medium Business Solutions	746,891	764,804	821,242
Production Mail	55,000	48,981	52,817
Software	—	—	—
Management Services	—	—	—
Presort Services	83,259	106,170	100,718
Marketing Services	—	—	—
Enterprise Business Solutions	138,259	155,151	153,535
Digital Commerce Solutions			
Digital Commerce Solutions	42,837	37,513	46,419
Total EBIT	927,987	957,468	1,021,196
Reconciling items:			
Interest, net [(1)]	(190,364)	(188,386)	(197,266)
Corporate and other expenses	(217,463)	(216,456)	(233,732)
Restructuring charges and asset impairments	(84,344)	(17,176)	(118,630)
Other (expense) income	(32,639)	(1,138)	19,918
Income from continuing operations before income taxes	$403,177	$534,312	$491,486

(1) Includes financing interest expense, other interest expense and interest income.

	Years Ended December 31,		
	2013	2012	2011
Depreciation and amortization:			
North America Mailing	$81,238	$104,957	$123,252
International Mailing	29,515	26,804	29,961
Small & Medium Business Solutions	110,753	131,761	153,213
Production Mail	15,740	12,227	10,682
Presort Services	29,999	26,753	25,389
Enterprise Business Solutions	45,739	38,980	36,071
Digital Commerce Solutions	24,361	30,167	39,540
Total for reportable segments	180,853	200,908	228,824
Reconciliation to consolidated amount:			
Discontinued operations	16,338	37,863	28,662
Unallocated amount	14,052	16,785	14,656
Consolidated depreciation and amortization	$211,243	$255,556	$272,142

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	Years Ended December 31,		
	2013	2012	2011
Capital expenditures:			
North America Mailing	$57,973	$78,511	$57,308
International Mailing	25,386	29,642	13,905
Small & Medium Business Solutions	83,359	108,153	71,213
Production Mail	2,875	12,339	11,419
Presort Services	12,512	17,220	34,931
Enterprise Business Solutions	15,387	29,559	46,350
Digital Commerce Solutions	25,562	4,794	5,413
Total for reportable segments	124,308	142,506	122,976
Reconciliation to consolidated amount:			
Discontinued operations	8,328	32,849	18,909
Unallocated amount	4,876	1,231	14,095
Consolidated capital expenditures	$137,512	$176,586	$155,980

	December 31,		
	2013	2012	2011
Assets:			
North America Mailing	$2,974,025	$3,101,959	$3,350,457
International Mailing	856,073	866,620	783,610
Small & Medium Business Solutions	3,830,098	3,968,579	4,134,067
Production Mail	305,428	386,338	482,265
Presort Services	343,206	369,405	395,299
Enterprise Business Solutions	648,634	755,743	877,564
Digital Commerce Solutions	1,137,129	1,179,219	1,191,854
Total for reportable segments	5,615,861	5,903,541	6,203,485
Reconciliation to consolidated amount:			
Discontinued operations	—	727,732	752,450
Cash and cash equivalents	907,806	913,276	856,238
Short-term investments	31,128	36,611	12,971
Other corporate assets	217,913	278,731	321,960
Consolidated assets	$6,772,708	$7,859,891	$8,147,104

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Geographic Data

	Years Ended December 31,		
	2013	2012	2011
Revenue:			
United States	$2,654,301	$2,669,074	$2,781,692
Outside United States	1,215,100	1,245,990	1,343,649
Total	$3,869,401	$3,915,064	$4,125,341
	December 31,		
	2013	2012	2011
Identifiable long-lived assets:			
United States	$2,210,510	$2,831,810	$2,749,101
Outside United States	781,313	836,346	910,048
Total	$2,991,823	$3,668,156	$3,659,149

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18. Retirement Plans and Postretirement Medical Benefits

We have several defined benefit retirement plans. Benefits are primarily based on employees' compensation and years of service. Our contributions are determined based on the funding requirements of U.S. federal and other governmental laws and regulations. We use a measurement date of December 31 for all of our retirement plans. U.S. employees hired after January 1, 2005, Canadian employees hired after April 1, 2005 and U.K. employees hired after July 1, 2005 are not eligible for our defined benefit retirement plans.

Benefit accruals for those participants in our two largest U.S. pension plans with less than 16 years of service as of March 31, 2013 were frozen on March 31, 2013. Benefit accruals for all participants in our U.K. pension plans were frozen during 2013. Benefit accruals for those participants in our two largest U.S. pension plans with 16 or more years of service as of March 31, 2013 and all participants in our Canadian pension plans, will be frozen effective December 31, 2014.

The benefit obligations and funded status of defined benefit pension plans are as follows:

	United States		Foreign	
	2013	2012	2013	2012
Accumulated benefit obligation	$1,611,457	$1,802,811	$659,602	$648,439
Projected benefit obligation				
Benefit obligation at beginning of year	$1,822,677	$1,707,390	$663,826	$581,904
Service cost	13,981	18,939	6,272	7,763
Interest cost	74,370	81,040	27,365	27,793
Plan participants' contributions	—	—	496	1,106
Actuarial (gain) loss	(154,996)	145,641	(1,224)	45,537
Foreign currency changes	—	—	(204)	22,115
Settlement / curtailment	(3,275)	6	(86)	(1,489)
Special termination benefits	548	—	935	601
Benefits paid	(130,714)	(130,339)	(24,607)	(21,504)
Benefit obligation at end of year	1,622,591	1,822,677	672,773	663,826
Fair value of plan assets available for benefits				
Fair value of plan assets at beginning of year	1,583,932	1,426,536	509,331	438,848
Actual return on plan assets	60,569	193,696	62,777	44,928
Company contributions	9,892	94,039	14,509	30,089
Plan participants' contributions	—	—	496	1,106
Settlement / curtailment	—	—	—	(1,489)
Foreign currency changes	—	—	(1,428)	17,353
Benefits paid	(130,714)	(130,339)	(24,607)	(21,504)
Fair value of plan assets at end of year	1,523,679	1,583,932	561,078	509,331
Funded status	$(98,912)	$(238,745)	$(111,695)	$(154,495)
Amounts recognized in Consolidated Balance Sheets				
Non-current asset	$195	$175	$11,951	$530
Current liability	(18,097)	(7,456)	(1,051)	(967)
Non-current liability	(81,010)	(231,464)	(122,595)	(154,058)
Net amount recognized	$(98,912)	$(238,745)	$(111,695)	$(154,495)

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Information provided in the table below is only for pension plans with an accumulated benefit obligation in excess of plan assets at December 31, 2013 and 2012:

	United States		Foreign	
	2013	2012	2013	2012
Projected benefit obligation	$1,621,164	$1,821,300	$544,875	$660,110
Accumulated benefit obligation	$1,610,029	$1,801,433	$532,774	$645,361
Fair value of plan assets	$1,522,057	$1,582,379	$421,229	$505,084

Pretax amounts recognized in AOCI consists of:

	United States		Foreign	
	2013	2012	2013	2012
Net actuarial loss	$733,943	$879,323	$200,000	$243,765
Prior service (credit) cost	(135)	1,229	(863)	(751)
Transition asset	—	—	(59)	(68)
Total	$733,808	$880,552	$199,078	$242,946

The estimated amounts that will be amortized from AOCI into net periodic benefit cost in 2014 are as follows:

	United States	Foreign
Net actuarial loss	$24,642	$8,249
Prior service cost (credit)	9	(61)
Transition asset	—	(9)
Total	$24,651	$8,179

The components of net periodic benefit cost for defined benefit pension plans were as follows:

	United States			Foreign		
	2013	2012	2011	2013	2012	2011
Service cost	$13,981	$18,939	$19,450	$6,272	$7,763	$7,310
Interest cost	74,370	81,040	87,738	27,365	27,793	28,329
Expected return on plan assets	(107,608)	(121,623)	(123,058)	(34,769)	(32,299)	(31,784)
Amortization of net transition asset	—	—	—	(9)	(10)	(10)
Amortization of prior service cost	380	803	147	112	112	170
Amortization of net actuarial loss	32,494	52,957	37,522	14,445	14,103	11,135
Special termination benefits	548	—	1,489	935	601	277
Settlement / curtailment	2,638	(48)	3,036	—	444	274
Net periodic benefit cost	$16,803	$32,068	$26,324	$14,351	$18,507	$15,701

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Other changes in plan assets and benefit obligations for defined benefit pension plans recognized in other comprehensive income were as follows:

	United States		Foreign	
	2013	2012	2013	2012
Net actuarial (gain) loss	$(111,232)	$73,701	$(29,320)	$32,596
Prior service credit	—	(127)	—	—
Amortization of net actuarial loss	(32,494)	(52,957)	(14,445)	(14,103)
Amortization of prior service cost	(380)	(803)	(112)	(112)
Net transition asset	—	—	9	10
Settlement / curtailment	(2,638)	48	—	(444)
Total recognized in other comprehensive income	$(146,744)	$19,862	$(43,868)	$17,947

Weighted-average actuarial assumptions used to determine end of year benefit obligations and net periodic benefit cost for defined benefit pension plans include:

	2013	2012	2011
United States			
Used to determine benefit obligations			
Discount rate	4.95%	4.05%	4.95%
Rate of compensation increase	3.50%	3.50%	3.50%
Used to determine net periodic benefit cost			
Discount rate	4.05%	4.95%	5.60%
Expected return on plan assets	7.25%	7.75%	8.00%
Rate of compensation increase	3.50%	3.50%	3.50%
Foreign			
Used to determine benefit obligations			
Discount rate	1.45%-4.60%	1.95%-4.65%	1.80%-6.10%
Rate of compensation increase	1.50%-3.50%	1.50%-3.50%	2.10%-4.60%
Used to determine net periodic benefit cost			
Discount rate	1.95%-4.65%	1.80%-6.10%	2.00%-5.50%
Expected return on plan assets	3.50%-7.50%	3.25%-7.50%	4.00%-7.75%
Rate of compensation increase	1.50%-3.50%	2.10%-4.60%	2.10%-5.50%

A discount rate is used to determine the present value of our future benefit obligations. The discount rate for our U.S. pension and postretirement medical benefit plans is determined by matching the expected cash flows associated with our benefit obligations to a yield curve based on long-term, high-quality fixed income debt instruments available as of the measurement date. For the U.K. retirement benefit plan, our largest foreign plan, the discount rate is determined by discounting each year's estimated benefit payments by an applicable spot rate, derived from a yield curve created from a large number of high-quality corporate bonds. For our other smaller foreign pension plans, the discount rate is selected based on high-quality fixed income indices available in the country in which the plan is domiciled.

The expected return on plan assets is based on historical and expected rates of return for current and planned asset classes in the plans' investment portfolio after analyzing historical experience and future expectations of the returns and volatility of the various asset classes. The overall expected rate of return for the portfolio is based on the asset allocation at the end of the year for our U.S. pension plans and the target asset allocation for our international pension plans, adjusted for historical and expected experience of active portfolio management results, when compared to the benchmark returns. When assessing the expected future returns for the portfolio, management places more emphasis on the expected future returns than historical returns.

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Investment Strategy and Asset Allocation - U.S. Pension Plans
The investment strategy of our U.S. pension plans is to maximize returns within reasonable and prudent levels of risk, to achieve and maintain full funding of the accumulated benefit obligation and the actuarial liabilities and to earn a nominal rate of return of at least 7.0%. The fund has established a strategic asset allocation policy to achieve these objectives. Investments are diversified across asset classes and within each class to reduce the risk of large losses and are periodically rebalanced. Derivatives, such as swaps, options, forwards and futures contracts may be used for market exposure, to alter risk/return characteristics and to manage foreign currency exposure. Investments within the private equity and real estate portfolios are comprised of limited partnership units in primary and secondary fund of funds and units in open-ended commingled real estate funds, respectively. These types of investment vehicles are used in an effort to gain greater asset diversification. We do not have any significant concentrations of credit risk within the plan assets. The pension plans' liabilities, investment objectives and investment managers are reviewed periodically.

The target asset allocation for 2014 and the actual asset allocations at December 31, 2013 and 2012, for the U.S. pension plans are as follows:

	Target allocation 2014		Percent of Plan Assets at December 31, 2013		2012	
Asset category						
U.S. equities	11	%	16	%	14	%
Non-U.S. equities	11	%	14	%	15	%
Fixed income	68	%	60	%	61	%
Real estate	2	%	4	%	4	%
Private equity	8	%	6	%	6	%
Total	100	%	100	%	100	%

The target asset allocation used to manage the investment portfolio is based on the broad asset categories shown above. The plan asset categories presented in the fair value hierarchy are subsets of the broad asset categories.

Investment Strategy and Asset Allocation - Foreign Pension Plans
Our foreign pension plan assets are managed by outside investment managers and monitored regularly by local trustees and our corporate personnel. The investment strategies adopted by our foreign plans vary by country and plan, with each strategy tailored to achieve the expected rate of return within an acceptable or appropriate level of risk, depending upon the liability profile of plan participants, local funding requirements, investment markets and restrictions. The U.K. plan represents 74% of the non-U.S. pension assets. The U.K. pension plan's investment strategy is to maximize returns within reasonable and prudent levels of risk, to achieve and maintain full funding of the accumulated benefit obligation and the actuarial liabilities and to earn a nominal rate of return of at least 7.5%. The fund has established a strategic asset allocation policy to achieve these objectives. Investments are diversified across asset classes and within each class to minimize the risk of large losses and are periodically rebalanced. Derivatives, such as swaps, options, forwards and futures contracts may be used for market exposure, to alter risk/return characteristics and to manage foreign currency exposure. We do not have any significant concentrations of credit risk within the plan assets. The pension plans' liabilities, investment objectives and investment managers are reviewed periodically.

The target asset allocation for 2014 and the actual asset allocations at December 31, 2013 and 2012, for the U.K. pension plan are as follows:

	Target Allocation	Percent of Plan Assets at December 31,

	2014	2013	2012
Asset category			
U.K. equities	30 %	33 %	32 %
Non-U.K. equities	35 %	35 %	31 %
Fixed income	35 %	31 %	36 %
Cash	— %	1 %	1 %
Total	100 %	100 %	100 %

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The target asset allocation used to manage the investment portfolio is based on the broad asset categories shown above. The plan asset categories presented in the fair value hierarchy are subsets of the broad asset categories.

The fair value of the U.K. plan assets was $414 million and $370 million at December 31, 2013 and 2012, respectively, and the expected long-term weighted average rate of return on these plan assets was 7.38% in 2013 and 7.25% in 2012.

Fair Value Measurements of Plan Assets
The following tables show, by level within the fair value hierarchy, the financial assets and liabilities that are accounted for at fair value on a recurring basis at December 31, 2013 and 2012, respectively, for the U.S. and foreign pension plans. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.
United States Pension Plans

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Money market funds	$—	$30,374	$—	$30,374
Equity securities	279,988	165,303	—	445,291
Commingled fixed income securities	—	209,674	—	209,674
Debt securities - U.S. and foreign governments, agencies and municipalities	43,390	30,477	—	73,867
Debt securities - corporate	—	568,567	—	568,567
Mortgage-backed securities	—	31,738	2,634	34,372
Asset-backed securities	—	625	—	625
Private equity	—	—	87,470	87,470
Real estate	—	—	67,917	67,917
Securities lending collateral (1)	—	6,602	—	6,602
Total plan assets at fair value	$323,378	$1,043,360	$158,021	$1,524,759
Securities lending payable (1)				(6,602)
Cash				634
Other				4,888
Fair value of plan assets available for benefits				$1,523,679

(1) Securities lending collateral is offset by a corresponding securities lending payable amount.

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	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Money market funds	$—	$17,363	$—	$17,363
Equity securities	250,303	203,766	—	454,069
Commingled fixed income securities	—	200,899	—	200,899
Debt securities - U.S. and foreign governments, agencies and municipalities	53,984	35,461	—	89,445
Debt securities - corporate	—	621,691	—	621,691
Mortgage-backed securities	—	39,552	3,191	42,743
Asset-backed securities	—	547	—	547
Private equity	—	—	91,805	91,805
Real estate	—	—	63,168	63,168
Securities lending collateral (1)	—	104,375	—	104,375
Total plan assets at fair value	$304,287	$1,223,654	$158,164	$1,686,105
Securities lending payable (1)				(104,375)
Cash				618
Other				1,584
Fair value of plan assets available for benefits				$1,583,932

(1) Securities lending collateral is offset by a corresponding securities lending payable amount.

Foreign Plans

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Money market funds	$—	$6,058	$—	$6,058
Equity securities	109,403	257,046	—	366,449
Commingled fixed income securities	—	104,070	—	104,070
Debt securities - U.S. and foreign governments, agencies and municipalities	—	60,204	—	60,204
Debt securities - corporate	—	17,944	—	17,944
Total plan assets at fair value	$109,403	$445,322	$—	$554,725
Cash				5,285
Other				1,068
Fair value of plan assets available for benefits				$561,078

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	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Money market funds	$—	$7,130	$—	$7,130
Equity securities	96,442	213,662	—	310,104
Commingled fixed income securities	—	157,332	—	157,332
Debt securities - U.S. and foreign governments, agencies and municipalities	—	18,937	—	18,937
Debt securities - corporate	—	6,935	—	6,935
Total plan assets at fair value	$96,442	$403,996	$—	$500,438
Cash				4,414
Other				4,479
Fair value of plan assets available for benefits				$509,331

The following information relates to our classification of investments into the fair value hierarchy:

- Money Market Funds: Money market funds typically invest in government securities, certificates of deposit, commercial paper of companies and other highly liquid, low risk securities. Money market funds are principally used for overnight deposits. The money market funds are classified as Level 2 since they are not actively traded on an exchange.
- Equity Securities: Equity securities include U.S. and foreign common stock, American Depository Receipts, preferred stock and commingled funds. Equity securities classified as Level 1 are valued using active, high volume trades for identical securities. Equity securities classified as Level 2 represent those not listed on an exchange in an active market. These securities are valued based on quoted market prices of similar securities.
- Commingled Fixed Income Securities: Mutual funds that invest in a variety of fixed income securities including securities of the U.S. government and its agencies, corporate debt, mortgage-backed securities and asset-backed securities. Value of the funds is based on the net asset value (NAV) per unit as reported by the fund manager. NAV is based on the market value of the underlying investments owned by each fund, minus its liabilities, divided by the number of shares outstanding. Commingled fixed income securities are not listed on an active exchange and are classified as Level 2.
- Debt Securities - U.S. and Foreign Governments, Agencies and Municipalities: Government securities include treasury notes and bonds, foreign government issues, U.S. government sponsored agency debt and commingled funds. Municipal debt securities include general obligation securities and revenue-backed securities. Debt securities classified as Level 1 are valued using active, high volume trades for identical securities. Debt securities classified as Level 2 are valued through benchmarking model derived prices to quoted market prices and trade data for identical or comparable securities.
- Corporate Debt Securities: Investments are comprised of both investment grade debt (≥BBB-) and high-yield debt (≤BBB-). The fair value of corporate debt securities is valued using recently executed transactions, market price quotations where observable, or bond spreads. The spread data used are for the same maturity as the security. These securities are classified as Level 2.
- Mortgage-Backed Securities (MBS): Investments are comprised of agency-backed MBS, non-agency MBS, collateralized mortgage obligations, commercial MBS, and commingled funds. These securities are valued based on external pricing indices. When external index pricing is not observable, MBS are valued based on external price/spread data. If neither pricing method is available, broker quotes are utilized. When inputs are observable and supported by an active market, MBS are classified as Level 2 and when inputs are unobservable, MBS are classified as Level 3.
- Asset-Backed Securities (ABS): Investments are primarily comprised of credit card receivables, auto loan receivables, student loan receivables, and Small Business Administration loans. These securities are valued based on external pricing indices or external price/spread data and are classified as Level 2.

- Private Equity: Investments are comprised of units in fund-of-fund investment vehicles. Fund-of-funds consist of various private equity investments and are used in an effort to gain greater diversification. The investments are valued in accordance with the most appropriate valuation techniques, and are classified as Level 3 due to the unobservable inputs used to determine a fair value.
- Real Estate: Investments include units in open-ended commingled real estate funds. Properties that comprise these funds are valued in accordance with the most appropriate valuation techniques, and are classified as Level 3 due to the unobservable inputs used to determine a fair value.

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Securities Lending Fund: Investment represents a commingled fund through our custodian's securities lending program. The U.S. pension plan lends securities that are held within the plan to other banks and/or brokers, and receives collateral, typically cash. This collateral is invested in a short-term fixed income securities commingled fund. The commingled fund is not listed or traded on an exchange and is classified as Level 2. This amount invested in the fund is offset by a corresponding liability reflected in the U.S. pension plan's net assets available for benefits.

Level 3 Gains and Losses

The following table summarizes the changes in the fair value of Level 3 assets for the years ended December 31, 2013 and 2012:

	Mortgage-backed securities	Private equity	Real estate	Total
Balance at December 31, 2011	$ 3,702	$88,870	$57,918	$150,490
Realized (losses) gains	(3)	(13)	1,780	1,764
Unrealized (losses) gains	(20)	742	5,711	6,433
Net purchases, sales and settlements	(488)	2,206	(2,241)	(523)
Balance at December 31, 2012	3,191	91,805	63,168	158,164
Realized (losses) gains	—	(1,591)	1,939	348
Unrealized gains	205	2,190	5,182	7,577
Net purchases, sales and settlements	(762)	(4,934)	(2,372)	(8,068)
Balance at December 31, 2013	$ 2,634	$87,470	$67,917	$158,021

There are no shares of our common stock included in the plan assets of our pension plans.

During 2014, we anticipate making total contributions of $18 million to our U.S. pension plans and $22 million to our foreign pension plans. We will reassess our funding alternatives as the year progresses.

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Nonpension Postretirement Benefits
We provide certain health care and life insurance benefits in the U.S. and Canada to eligible retirees and their dependents. The cost of these benefits is recognized over the period the employee provides credited service to the company. Employees hired before January 1, 2005 in the U.S. and before April 1, 2005 in Canada become eligible for retiree health care benefits after reaching age 55 or in the case of employees of Pitney Bowes Management Services after reaching age 60 and with the completion of the required service period. U.S. employees hired on or after January 1, 2005 and Canadian employees hired on or after April 1, 2005, are not eligible for retiree health care benefits.

The benefit obligation and funded status for nonpension postretirement benefit plans are as follows:

	2013	2012
Benefit obligation		
Benefit obligation at beginning of year	$282,857	$285,828
Service cost	3,684	3,563
Interest cost	9,503	11,187
Plan participants' contributions	4,313	9,547
Actuarial (gain) loss	(30,051)	4,150
Foreign currency changes	(1,693)	697
Plan amendment	—	8,501
Curtailment	(4,839)	—
Benefits paid	(32,621)	(40,616)
Benefit obligation at end of year [1]	$231,153	$282,857

(1) The benefit obligation for the U.S. nonpension postretirement plans was $208 million and $256 million at December 31, 2013 and 2012, respectively.

	2013	2012
Fair value of plan assets		
Fair value of plan assets at beginning of year	$—	$—
Company contribution	28,308	31,069
Plan participants' contributions	4,313	9,547
Benefits paid	(32,621)	(40,616)
Fair value of plan assets at end of year	$—	$—
Funded status	$(231,153)	$(282,857)
Amounts recognized in the Consolidated Balance Sheets		
Current liability	$(23,668)	$(25,483)
Non-current liability	(207,485)	(257,374)
Net amount recognized	$(231,153)	$(282,857)

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Pretax amounts recognized in AOCI consist of:

	2013	2012
Net actuarial loss	$68,120	$109,962
Prior service cost	2,516	5,564
Total	$70,636	$115,526

The components of net periodic benefit cost for nonpension postretirement benefit plans were as follows:

	2013	2012	2011
Service cost	$3,684	$3,563	$3,328
Interest cost	9,503	11,187	13,528
Amortization of prior service cost (credit)	128	(1,724)	(2,504)
Amortization of net actuarial loss	7,433	8,214	7,666
Curtailment	2,920	—	2,839
Special termination benefits	—	—	300
Net periodic benefit cost	$23,668	$21,240	$25,157

Other changes in plan assets and benefit obligation for nonpension postretirement benefit plans recognized in other comprehensive income were as follows:

	2013	2012
Net actuarial gain	$(34,890)	$(195)
Amortization of net actuarial (loss) gain	(7,433)	4,631
Amortization of prior service (cost) credit	(128)	1,724
Curtailment	(2,920)	—
Other adjustments	481	(651)
Total recognized in other comprehensive income	$(44,890)	$5,509

The estimated amounts that will be amortized from AOCI into net periodic benefit cost in 2014 are as follows:

Net actuarial loss	$6,092
Prior service cost	160
Total	$6,252

The weighted-average discount rates used to determine end of year benefit obligation and net periodic pension cost include:

	2013	2012	2011
Discount rate used to determine benefit obligation			
U.S.	4.40 %	3.65 %	4.50 %
Canada	4.65 %	3.90 %	4.15 %
Discount rate used to determine net period benefit cost			
U.S.	3.65 %	4.50 %	5.15 %
Canada	3.90 %	4.15 %	5.15 %

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The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation for the U.S. plan was 7.0% for 2013 and 7.5% for 2012. The assumed health care trend rate is 6.5% for 2014 and will gradually decline to 5.0% by the year 2017 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1% change in the assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	$517	$(451)
Effect on postretirement benefit obligation	$8,284	$(7,662)

Estimated Future Benefit Payments
Benefit payments expected to be paid, which reflect expected future service, are shown in the table below. Nonpension benefit payments are net of expected Medicare Part D subsidy.

	Pension Benefits	Nonpension Benefits
Years ending December 31,		
2014	$166,952	$23,669
2015	125,225	22,570
2016	124,045	21,561
2017	127,236	20,612
2018	128,739	19,708
2019 - 2022	673,039	87,457
	$1,345,236	$195,577

Savings Plans
We offer voluntary defined contribution plans to our U.S. employees designed to help them accumulate additional savings for retirement. We provide a core contribution to all employees, regardless if they participate in the plan, and match a portion of each participating employees' contribution, based on eligible pay. Total contributions to our defined contribution plans were $32 million in 2013 and $30 million in 2012.

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19. Discontinued Operations
Discontinued operations include PBMS, our Nordic furniture business and IMS, which were sold during 2013 and our Capital Services business, which was sold in 2006.

The following tables show selected financial information included in discontinued operations:

Year Ended December 31, 2013	PBMS	IMS	Nordic furniture business	Capital Services	Total
Revenue	$639,237	$23,036	$37,785	$—	$700,058
Loss from operations	$(118,017)	$(3,057)	$(4,037)	$—	$(125,111)
Gain (loss) on sale	5,126	(2,717)	4,562	—	6,971
(Loss) income before taxes	(112,891)	(5,774)	525	—	(118,140)
Tax provision (benefit)	41,384	(1,064)	149	289	40,758
(Loss) income from discontinued operations	$(154,275)	$(4,710)	$376	$(289)	$(158,898)

Year Ended December 31, 2012	PBMS	IMS	Nordic furniture business	Capital Services	Total
Revenue	$920,958	$135,222	$67,994	$—	$1,124,174
Income (loss) before taxes	$67,458	$(40,084)	$2,839	$—	$30,213
Tax provision (benefit)	29,255	(15,003)	794	(34,312)	(19,266)
(Loss) income from discontinued operations	$38,203	$(25,081)	$2,045	$34,312	$49,479

Year Ended December 31, 2011	PBMS	IMS	Nordic furniture business	Capital Services	Total
Revenue	$948,891	$155,378	$48,341	$—	$1,152,610
Loss from operations before taxes	$(10,279)	$(72,260)	$5,334	$3,695	$(73,510)
Tax provision (benefit)	30,599	(23,025)	1,493	(262,464)	(253,397)
(Loss) income from discontinued operations	$(40,878)	$(49,235)	$3,841	$266,159	$179,887

The loss from discontinued operations in 2013 includes aggregate goodwill impairment charges of $101 million and asset impairment charges of $15 million. A goodwill impairment charge of $98 million was recorded for PBMS NA. As a result of lower than expected operating performance during the first half of 2013 due to the loss of certain customer contracts, pricing pressure on contract renewals and a longer than originally anticipated sales cycle for some of our new growth areas, future cash flows were estimated to be lower than originally projected. Given these factors, an interim goodwill impairment test was performed. Based on our review, it was determined that the carrying value of goodwill exceeded its implied fair value. Accordingly, a goodwill impairment charge of $98 million was recognized to write-down the carrying value of goodwill to its estimated implied fair value. The fair value of PBMS NA was determined based on a combination of techniques, including external valuation data, the present value of future cash flows and applicable multiples of competitors. These inputs were classified as Level 3 in the fair value hierarchy. In 2013, we also recorded goodwill impairment charges of $2 million in connection with the sale of PBMSi and $1 million in connection with the sale of the Nordic furniture business.

During 2012, in connection with our decision to exit our IMS operations, we conducted a goodwill impairment review. We determined the fair value of IMS based on third-party written offers to purchase the business as well applying an income approach with revised cash

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flow projections. The inputs used to determine the fair value of IMS were classified as Level 3 in the fair value hierarchy. Based on the results of our impairment test, a goodwill impairment charge of $18 million and asset impairment charges of $17 million were recorded to write-down the carrying value of goodwill, intangible assets and other assets to their respective implied fair values.

Income from discontinued operations in 2011 includes aggregate goodwill impairment charges of $130 million and asset impairment charges of $17 million. Due to the under-performance of IMS, we performed a goodwill impairment review. We determined the fair value of IMS using a combination of techniques including the present value of future cash flows, multiples of competitors and multiples from sales of like businesses, and determined that the IMS reporting unit was impaired. The inputs used to determine the fair value of IMS were classified as Level 3 in the fair value hierarchy. Based on the results of our impairment test, we recorded a goodwill impairment charge of $46 million and an intangible asset impairment charge of $12 million to write-down the carrying value of goodwill and intangible assets to their respective implied fair values.

Also in 2011, based on the results of our annual goodwill impairment review, management determined that PBMSi was impaired. The fair value of PBMSi was determined using a combination of techniques including the present value of future cash flows, derived from our long-term plans and historical experience, multiples of competitors and multiples from sales of like businesses. The inputs used to determine the fair value were classified as Level 3 in the fair value hierarchy. Based on the results of our impairment test, we recorded a goodwill impairment charge of $84 million and intangible asset impairment charge of $5 million to write-down the carrying value of goodwill and intangible assets to their respective estimated fair values.

The amounts recognized for Capital Services in 2013, 2012 and 2011 relate primarily to tax benefits from the resolution of tax examinations.

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(Tabular dollars in thousands, except per share amounts)

20. Earnings per Share
The calculations of basic and diluted earnings per share are presented below. The amounts below have been revised from the amounts previously filed to reflect the results of PBMS, the Nordic furniture business and IMS as discontinued operations (see Note 19). The sum of earnings per share amounts may not equal the totals due to rounding.

	Years Ended December 31,		
	2013	2012	2011
Numerator:			
Amounts attributable to common stockholders:			
Income from continuing operations	$301,733	$395,684	$437,593
(Loss) income from discontinued operations	(158,898)	49,479	179,887
Net income (numerator for diluted EPS)	142,835	445,163	617,480
Less: Preference stock dividend	(46)	(51)	(58)
Income attributable to common stockholders (numerator for basic EPS)	$142,789	$445,112	$617,422
Denominator (in thousands):			
Weighted-average shares used in basic EPS	201,614	200,389	201,976
Effect of dilutive shares:			
Preferred stock	2	2	2
Preference stock	381	398	445
Stock plans	960	577	343
Weighted-average shares used in diluted EPS	202,957	201,366	202,766
Basic earnings per share:			
Continuing operations	$1.50	$1.97	$2.17
Discontinued operations	(0.79)	0.25	0.89
Net income - Pitney Bowes Inc.	$0.71	$2.22	$3.06
Diluted earnings per share:			
Continuing operations	$1.49	$1.96	$2.16
Discontinued operations	(0.78)	0.25	0.89
Net income - Pitney Bowes Inc.	$0.70	$2.21	$3.05
Anti-dilutive options excluded from diluted earnings per share (in thousands):	12,448	13,801	14,016

PITNEY BOWES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular dollars in thousands, except per share amounts)

21. Quarterly Financial Data (unaudited)
The following table sets forth selected unaudited quarterly data for the years ended December 31, 2013 and 2012. The amounts in the tables below have been revised from the amounts previously filed to reflect the results of PBMS, the Nordic furniture business and IMS as discontinued operations (see Note 19). The sum of the quarterly earnings per share amounts may not equal the quarterly total or annual amount due to rounding.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2013					
Revenue	$929,012	$970,416	$938,786	$1,031,187	$3,869,401
Cost and expenses	843,475	857,167	846,145	919,437	3,466,224
Income from continuing operations before income taxes	85,537	113,249	92,641	111,750	403,177
Provision for income taxes	18,769	25,391	11,370	27,539	83,069
Income from continuing operations	66,768	87,858	81,271	84,211	320,108
Income (loss) from discontinued operations	5,332	(92,497)	(82,204)	10,471	(158,898)
Net income (loss) before attribution of noncontrolling interests	72,100	(4,639)	(933)	94,682	161,210
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,594	4,594	4,593	18,375
Net income (loss) - Pitney Bowes Inc.	$67,506	$(9,233)	$(5,527)	$90,089	$142,835
Amounts attributable to common stockholders:					
Income from continuing operations	$62,174	$83,264	$76,677	$79,618	$301,733
Income (loss) from discontinued operations	5,332	(92,497)	(82,204)	10,471	(158,898)
Net income - Pitney Bowes Inc.	$67,506	$(9,233)	$(5,527)	$90,089	$142,835
Basic earnings per share attributable to common stockholders:					
Continuing operations	$0.31	$0.41	$0.38	$0.39	$1.50
Discontinued operations	0.03	(0.46)	(0.41)	0.05	(0.79)
Net income (loss) - Pitney Bowes Inc.	$0.34	$(0.05)	$(0.03)	$0.45	$0.71
Diluted earnings per share attributable to common stockholders:					
Continuing operations	$0.31	$0.41	$0.38	$0.39	$1.49
Discontinued operations	0.03	(0.46)	(0.40)	0.05	(0.78)
Net income (loss) - Pitney Bowes Inc.	$0.33	$(0.05)	$(0.03)	$0.44	$0.70

PITNEY BOWES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular dollars in thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2012					
Revenue	$975,101	$974,658	$949,789	$1,015,516	$3,915,064
Cost and expenses	832,017	832,413	826,659	889,663	3,380,752
Income from continuing operations before income taxes	143,084	142,245	123,130	125,853	534,312
Provision for income taxes	8,813	45,705	30,590	35,144	120,252
Income from continuing operations	134,271	96,540	92,540	90,709	414,060
Income (loss) from discontinued operations	28,993	7,677	(11,413)	24,222	49,479
Net income before attribution of noncontrolling interests	163,264	104,217	81,127	114,931	463,539
Less: Preferred stock dividends of subsidiaries attributable to noncontrolling interests	4,594	4,594	4,594	4,594	18,376
Net income - Pitney Bowes Inc.	$158,670	$99,623	$76,533	$110,337	$445,163
Amounts attributable to common stockholders:					
Income from continuing operations	$129,677	$91,946	$87,946	$86,115	$395,684
Income (loss) from discontinued operations	28,993	7,677	(11,413)	24,222	49,479
Net income - Pitney Bowes Inc.	$158,670	$99,623	$76,533	$110,337	$445,163
Basic earnings per share attributable to common stockholders:					
Continuing operations	$0.65	$0.46	$0.44	$0.43	$1.97
Discontinued operations	0.14	0.04	(0.06)	0.12	0.25
Net income - Pitney Bowes Inc.	$0.79	$0.50	$0.38	$0.55	$2.22
Diluted earnings per share attributable to common stockholders:					
Continuing operations	$0.65	$0.46	$0.44	$0.43	$1.96
Discontinued operations	0.14	0.04	(0.06)	0.12	0.25
Net income - Pitney Bowes Inc.	$0.79	$0.50	$0.38	$0.55	$2.21

PITNEY BOWES INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(Dollars in thousands)

Description	Balance at beginning of year	Additions		Deductions		Balance at end of year
Allowance for doubtful accounts						
2013	$20,219	$3,881	(1)	$(10,951	) (2)	$13,149
2012	$25,667	$13,112	(1)	$(18,560	) (2)	$20,219
2011	$26,649	$9,161	(1)	$(10,143	) (2)	$25,667
Valuation allowance for deferred tax asset						
2013	$142,176	$15,921		$(35,317	)	$122,780
2012	$111,438	$40,078		$(9,340	)	$142,176
2011	$104,441	$16,709		$(9,712	)	$111,438

(1) Includes additions charged to expenses and impacts of foreign exchange.
(2) Includes uncollectible accounts written off and impact of divestitures.

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