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

F O R M 1 0 - Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE

ACT OF 1934

For the quarterly period ended March 31, 2001

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.

State of Incorporation	IRS Employer Identification No.
Delaware	06-0495050

World Headquarters
Stamford, Connecticut 06926-0700
Telephone Number: (203) 356-5000

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, and (2) has been subject to such filing requirements for the past 90 days. Yes X No
--- ---

Number of shares of common stock, $1 par value, outstanding as of April 30, 2001 is 246,791,148.

Pitney Bowes Inc.
Index

Page Number

Part I - Financial Information:

Item 1: Financial Statements

Consolidated Statements of Income (unaudited) - Three Months Ended March 31, 2001 and 2000 3

Consolidated Balance Sheets - March 31, 2001 (unaudited) and December 31, 2000 4

Consolidated Statements of Cash Flows (unaudited) - Three Months Ended March 31, 2001 and 2000 5

Notes to Consolidated Financial Statements .... 6 - 10

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations .... 11 - 17

Part II - Other Information:

Item 1: Legal Proceedings 18

Item 6: Exhibits and Reports on Form 8-K 18

Signatures 19

Part I - Financial Information

Item 1. Financial Statements.

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
Revenue from:		
Sales	$ 471,472	$ 441,194
Rentals and financing	367,992	380,671
Support services	126,859	122,900
Total revenue	966,323	944,765
Costs and expenses:		
Cost of sales	278,350	258,094
Cost of rentals and financing	90,833	99,916
Selling, service and administrative	322,903	317,869
Research and development	31,602	29,511
Interest, net	50,585	44,684
Restructuring charge	43,151	-
Total costs and expenses	817,424	750,074
Income from continuing operations before income taxes	148,899	194,691
Provision for income taxes	44,962	61,238

Income from continuing operations	103,937	133,453
Income from discontinued operations (Note 2)	-	18,100
Cumulative effect of accounting change	-	(4,683)
Net income	$ 103,937	$ 146,870
Basic earnings per share:		
Continuing operations	$ .42	$ .51
Discontinued operations	-	.07
Cumulative effect of accounting change	-	(.02)
Net income	$ .42	$ .56
Diluted earnings per share:		
Continuing operations	$ .42	$ .50
Discontinued operations	-	.07
Cumulative effect of accounting change	-	(.02)
Net income	$ .42	$ .55
Dividends declared per share of common stock	$ .29	$ .285

See Notes to Consolidated Financial Statements

Pitney Bowes Inc.
Consolidated Balance Sheets

(Dollars in thousands, except share data)	March 31, 2001	December 31, 2000
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 194,386	$ 198,255
Short-term investments, at cost which approximates market	1,572	15,250
Accounts receivable, less allowances: 3/01, $25,860; 12/00, $26,468	323,135	313,510
Finance receivables, less allowances: 3/01, $43,184; 12/00, $44,129	1,539,414	1,592,920
Inventories (Note 3)	184,734	167,969
Other current assets and prepayments	168,177	145,786
Net assets of discontinued operations	215,594	193,018
Total current assets	2,627,012	2,626,708
Property, plant and equipment, net (Note 4)	492,749	491,312
Rental equipment and related inventories, net (Note 4)	586,340	620,841
Property leased under capital leases, net (Note 4)	2,098	2,303
Long-term finance receivables, less allowances: 3/01, $53,681; 12/00, $53,222	1,916,666	1,980,876
Investment in leveraged leases	1,169,389	1,150,656
Goodwill, net of amortization: 3/01, $60,423; 12/00, $58,658	219,859	203,447
Other assets	647,814	612,760
Net assets of discontinued operations	211,726	212,363

Total assets	$ 7,873,653	$ 7,901,266
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,004,469	$ 995,283
Income taxes payable	264,379	262,125
Notes payable and current portion of long-term obligations	1,229,189	1,277,941
Advance billings	339,297	346,228
Total current liabilities	2,837,334	2,881,577
Deferred taxes on income	1,240,225	1,226,597
Long-term debt (Note 5)	1,911,636	1,881,947
Other noncurrent liabilities	321,913	316,170
Total liabilities	6,311,108	6,306,291
Preferred stockholders' equity in a subsidiary company	310,000	310,000
Stockholders' equity:		
Cumulative preferred stock, $50 par value, 4% convertible	29	29
Cumulative preference stock, no par value, $2.12 convertible	1,695	1,737
Common stock, $1 par value	323,338	323,338
Capital in excess of par value	7,972	10,298
Retained earnings	3,798,924	3,766,995
Accumulated other comprehensive income (Note 8)	(135,815)	(139,434)
Treasury stock, at cost	(2,743,598)	(2,677,988)
Total stockholders' equity	1,252,545	1,284,975
Total liabilities and stockholders' equity	$ 7,873,653	$ 7,901,266

See Notes to Consolidated Financial Statements

Pitney Bowes Inc.
Consolidated Statements of Cash Flows
(Unaudited)

(Dollars in thousands)

	Three Months Ended March 31, 2001	2000
Cash flows from operating activities:		
Net income	$ 103,937	$ 146,870
Adjustments to reconcile net income to net cash provided by operating activities:		
Nonrecurring charges, net	49,160	-
Nonrecurring payments	(6,693)	-
Depreciation and amortization	80,219	78,588
Increase in deferred taxes on income	17,832	36,454
Change in assets and liabilities:		
Accounts receivable	3,387	15,457
Net investment in internal finance receivables	33,242	16,765
Inventories	3,614	(5,863)
Other current assets and prepayments	(762)	(25,155)
Accounts payable and accrued liabilities	(107,762)	(44,117)
Income taxes payable	2,684	10,688
Advance billings	(10,869)	(1,500)
Other, net	(6,337)	(12,108)

Net cash provided by operating activities	161,652	216,079
Cash flows from investing activities:		
Short-term investments	13,667	(16,682)
Net investment in fixed assets	(56,671)	(52,490)
Net investment in finance receivables	17,353	(33,726)
Net investment in capital and mortgage services	58,741	74,373
Investment in leveraged leases	(16,188)	(18,159)
Proceeds and cash receipts from the sale of discontinued operations	-	512,780
Net investment in insurance contracts	2,960	(131,548)
Other investing activities	6,402	6,148
Net cash provided by investing activities	26,264	340,696
Cash flows from financing activities:		
Increase (decrease) in notes payable, net	228,079	(343,659)
Proceeds from long-term obligations	786	45,181
Principal payments on long-term obligations	(282,521)	(5,970)
Proceeds from issuance of stock	3,901	7,084
Stock repurchases	(71,879)	(218,291)
Dividends paid	(72,008)	(75,045)
Net cash used in financing activities	(193,642)	(590,700)
Effect of exchange rate changes on cash	1,857	(1,282)
Decrease in cash and cash equivalents	(3,869)	(35,207)
Cash and cash equivalents at beginning of period	198,255	254,270
Cash and cash equivalents at end of period	$ 194,386	$ 219,063
Interest paid	$ 64,021	$ 63,594
Income taxes paid, net	$ 11,718	$ 17,753

See Notes to Consolidated Financial Statements

Pitney Bowes Inc.
Notes to Consolidated Financial Statements

Note 1:

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of the management of Pitney Bowes Inc. (the company), all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position of the company at March 31, 2001 and December 31, 2000, and the results of its operations and cash flows for the three months ended March 31, 2001 and 2000 have been included. Operating results for the three months ended March 31, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. These statements should be read in conjunction with the financial statements and notes thereto included in the company's 2000 Annual Report to Stockholders on Form 10-K.

Note 2:

On December 11, 2000, the company announced that its Board of Directors approved a formal plan to spin off the company's Office Systems business to stockholders as an independent, publicly-traded company. The company expects the spin-off to be tax free as provided for under the Internal Revenue Code. The transaction is expected to be completed by the end of the third quarter of 2001. Revenue of Office Systems was $151.9 million and $157.2 million for the quarters ended

March 31, 2001 and 2000, respectively. Net interest expense allocated to Office Systems' discontinued operations was $2.9 million and $2.5 million for the quarters ended March 31, 2001 and 2000, respectively. Interest has been allocated based on the net assets of Office Systems charged at the company's weighted average borrowing rate. Operating results of Office Systems have been segregated and reported as discontinued operations in the Consolidated Statements of Income. Prior year results have been reclassified to conform to the current year presentation. Income from Office Systems' discontinued operations for the first quarter of 2001 was $7.6 million (net of taxes of $4.8 million), offset by costs, expenses and restructuring charges directly associated with the spin-off. The company expects that income from Office Systems' discontinued operations between the measurement date (December 11, 2000) and the spin-off date will exceed the total amount of costs, expenses and restructuring charges directly associated with the spin-off. Income from Office Systems' discontinued operations for the first quarter of 2000 was $18.1 million (net of taxes of $11.7 million). Net assets of Office Systems' discontinued operations have been separately classified in the Consolidated Balance Sheets. Cash flow impacts of Office Systems' discontinued operations have not been segregated in the Consolidated Statements of Cash Flows.

On January 14, 2000, the company sold its mortgage servicing business, Atlantic Mortgage & Investment Corporation (AMIC), a wholly-owned subsidiary of the company, to ABN AMRO North America. The company received approximately $484 million in cash at closing. The transaction is subject to post-closing adjustments.

Note 3:

Inventories are comprised of the following:

(Dollars in thousands)	March 31, 2001	December 31, 2000
Raw materials and work in process	$ 71,809	$ 67,990
Supplies and service parts	46,304	38,708
Finished products	66,621	61,271
Total	$ 184,734	$ 167,969

Note 4:

Fixed assets are comprised of the following:

(Dollars in thousands)	March 31, 2001	December 31, 2000
Property, plant and equipment	$ 1,215,829	$ 1,195,319
Accumulated depreciation	(723,080)	(704,007)
Property, plant and equipment, net	$ 492,749	$ 491,312
Rental equipment and related inventories	$ 1,208,958	$ 1,218,251
Accumulated depreciation	(622,618)	(597,410)
Rental equipment and related inventories, net	$ 586,340	$ 620,841
Property leased under capital leases	$ 19,112	$ 19,059

Accumulated amortization	(17,014)	(16,756)
Property leased under capital leases, net	$ 2,098	$ 2,303

Note 5:

The company has a medium-term note facility, which was established as part of the company's shelf registrations, permitting issuances of up to $500 million in debt securities with a minimum maturity of nine months, of which $300 million remained available at March 31, 2001.

In April 2001, the company issued the remaining $300 million of notes available from its shelf registration. These unsecured notes bear annual interest at 5.875% and mature in May 2006. The proceeds will be used for general corporate purposes including the repayment of commercial paper, financing acquisitions and the repurchase of the company's stock.

PBCC has $425 million of unissued debt securities available at March 31, 2001 from a shelf registration statement filed with the Securities and Exchange Commission (SEC) in July 1998. As part of this shelf registration statement, in August 1999, PBCC established a medium-term note program for the issuance from time to time of up to $500 million aggregate principal amount of Medium-Term Notes, Series D, of which $175 million remained available at March 31, 2001.

Note 6:

A reconciliation of the basic and diluted earnings per share computations for income from continuing operations for the three months ended March 31, 2001 and 2000 is as follows (in thousands, except per share data):

	2001			2000		
	Income	Shares	Per Share	Income	Shares	Per Share
Income from continuing operations	$ 103,937			$ 133,453		
Less:						
Preferred stock dividends	(1)			-		
Preference stock dividends	(33)			(35)		
Basic earnings per share	$ 103,903	248,125	$ .42	$ 133,418	263,061	$ .51
Effect of dilutive securities:						
Preferred stock	1	14		-	14	
Preference stock	33	1,013		35	1,078	
Stock options		520			1,736	
Other		89			145	
Diluted earnings per share	$ 103,937	249,761	$ .42	$ 133,453	266,034	$ .50

Note 7:

Revenue and operating profit by business segment for the three months ended March 31, 2001 and 2000 were as follows:

Three Months Ended March 31,

(Dollars in thousands)	2001	2000
Revenue:		
Global Mailing	$ 692,736	$ 698,051
Enterprise Solutions	230,590	201,537
Total Messaging Solutions	923,326	899,588
Capital Services	42,997	45,177
Total revenue	$ 966,323	$ 944,765
Operating Profit: (1)		
Global Mailing	$ 207,171	$ 197,177
Enterprise Solutions	18,819	14,695
Total Messaging Solutions	225,990	211,872
Capital Services	14,705	13,121
Total operating profit	240,695	224,993
Unallocated amounts:		
Net interest (corporate interest expense, net of intercompany transactions)	(19,759)	(12,317)
Corporate expense	(28,886)	(17,985)
Restructuring charge	(43,151)	-
Income from continuing operations before income taxes	$ 148,899	$ 194,691

<FN>
(1) Operating profit excludes general corporate expenses, income taxes and net interest other than that related to finance operations.
</FN>

Note 8:

Comprehensive income for the three months ended March 31, 2001 and 2000 was as follows:

(Dollars in thousands)	Three Months Ended March 31,	
	2001	2000
Net income	$ 103,937	$ 146,870
Other comprehensive income:		
Foreign currency translation adjustments	11,596	1,210
Cumulative effect of accounting change	(9,152)	-
Net unrealized gains on derivative instruments	1,175	-
Comprehensive income	$ 107,556	$ 148,080

Note 9:

In 1998, Statement of Financial Accounting Standards (FAS) No. 133, "Accounting

for Derivative Instruments and Hedging Activities," amended in 2000 by FAS No. 138, was issued. FAS No. 133 requires that an entity recognize all derivative instruments as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Changes in the fair value of those instruments will be reflected as gains or losses. The accounting for the gains or losses depends on the intended use of the derivative and the resulting designation. The company adopted the provisions of FAS No. 133 in the first quarter of 2001. The company uses derivatives to reduce the volatility in earnings and cash flows associated with the impact of interest rate changes and foreign currency fluctuations due to its investing and funding activities and its operations in different foreign currencies. Derivatives designated as cash flow hedges include primarily foreign exchange contracts and interest rate swaps related to variable-rate debt. Derivatives designated as fair value hedges include primarily interest rate swaps related to fixed rate debt. The adoption of FAS No. 133 has resulted in an after-tax reduction to accumulated other comprehensive income of $8.0 million, including a one-time cumulative effect of accounting change which reduced accumulated other comprehensive income by approximately $9.2 million. The adoption of FAS No. 133 has also impacted assets and liabilities recorded on the Consolidated Balance Sheet. The adoption of FAS No. 133 did not materially impact results of operations in the first quarter of 2001.

In 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," summarizing certain guidance in applying generally accepted accounting principles to revenue recognition in financial statements. The company adopted the provisions of SAB No. 101 in the fourth quarter of 2000, retroactive to January 1, 2000. The adoption of SAB No. 101 resulted in a one-time cumulative after-tax reduction in net income of $4.7 million (net of taxes of approximately $3.1 million) in the first quarter of 2000. The reduction to net income is primarily attributable to the deferral of sales recognition of software-enabled mail creation equipment and shipping products until installation.

In 2000, FAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" was issued, replacing FAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." FAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral, as well as requiring certain additional disclosures. However, it carries over most of the provisions contained in FAS No. 125. FAS No. 140 is effective for transfers and servicing of financial assets and extinguishment of liabilities occurring after March 31, 2001. However, it is effective for the recognition and reclassification of collateral and for disclosures relating to those transactions for the year ended December 31, 2000. The company believes it is in compliance with these standards in all material respects.

Note 10:

As previously announced, the company adopted a formal restructuring plan in the first quarter of 2001, designed to implement a common, streamlined business infrastructure across the corporation as a result of our decisions to spin off our office systems business and align our mailing business on a global basis, cost saving opportunities due to strategic acquisitions and partnerships, and additional benefits attained from the consolidation of our IT organization and ERP initiatives. In connection with this plan, the company recorded a pretax restructuring charge of $75 million during the first quarter of 2001, of which $43.2 million was related to continuing operations, and the remaining $31.8 million related to discontinued operations. The restructuring charge related to continuing operations has been segregated in the Consolidated Statement of Income in the first quarter of 2001. The restructuring charge related to discontinued operations has been reported in discontinued operations in the Consolidated Statement of Income in the first quarter of 2001. See Note 2 to the Consolidated Financial Statements.

The charge related to continuing operations includes $35.2 million of severance and benefit costs for workforce reductions, $2.2 million of asset write downs and $5.8 million of other exit costs. All but the asset write downs will result in cash outflows. The severance and benefit costs relate to a reduction in workforce of approximately 1,100 employees worldwide to be completed over the next 12 months. The workforce reductions relate to actions across several of our business units resulting from infrastructure and process improvements and our continuing efforts to streamline operations, and include managerial, professional, clerical and technical roles. Approximately 85% of the workforce reductions are in the U.S. The majority of the international workforce

reductions are in Europe. None of the reductions will impact sales coverage. As of March 31, 2001, 289 employees were separated under these initiatives and approximately $5 million of severance and benefit costs were paid.

The charge related to discontinued operations includes $1.5 million of severance and benefit costs for workforce reductions, $16.5 million of asset write downs and $13.8 million of other exit costs. The severance and benefit costs relate to a reduction in workforce of approximately 25 employees. The asset write downs relate primarily to a write-down of residual amounts in connection with leases of copier equipment and the write-down of facsimile equipment, resulting from the spin-off of our office systems business. Other exit costs relate primarily to incremental costs associated with cancellation and separation of facility occupancy leases that are shared between the company and Office Systems.

Note 11:

In April 2001, the company announced it had entered into an agreement to acquire Danka Services International, a wholly-owned division of Danka Business Systems PLC, for $290 million in cash. The transaction is expected to close by the end of the second quarter of 2001. Danka Services International provides on- and off-site document management services, including the management of central reprographics departments, the placement and maintenance of photocopiers, print-on-demand operations and document archiving and retrieval services.

In April 2001, the company also announced it had entered into an agreement to acquire Bell & Howell's International Mail and Messaging Technologies (MMT) business in Europe, Africa, the Middle East and Asia, for $51 million in cash. The transaction is expected to close by the end of the second quarter of 2001, subject to government approval as well as work council consultation. MMT markets and services high-end mail processing, sorting and service-related products through a network of distributors and direct operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Continuing Operations - first quarter of 2001 vs. first quarter of 2000

Revenue increased two percent in the first quarter of 2001 to $966.3 million compared with $944.8 million in the first quarter of 2000. Income from continuing operations decreased one percent to $131.6 million from $133.5 million for the same period in 2000 excluding the restructuring charge in the first quarter of 2001. Diluted earnings per share from continuing operations was 42 cents in the first quarter of 2001. During the quarter, the company recorded a $75 million pre-tax restructuring charge, of which $43 million was related to continuing operations and $32 million to discontinued operations. The restructuring charge is associated with infrastructure and process improvements, and the planned spin-off of our office systems business. Excluding the restructuring charge, diluted earnings per share from continuing operations grew to 53 cents, a five percent increase from the first quarter of 2000.

First quarter 2001 revenue included $471.5 million from sales, up seven percent from $441.2 million in the first quarter of 2000; $368.0 million from rentals and financing, down three percent from $380.7 million; and $126.9 million from

support services, up three percent from $122.9 million.

Total Messaging Solutions, the combined results of the Global Mailing segment and Enterprise Solutions segment, reported three percent revenue growth and seven percent operating profit growth.

The Global Mailing segment includes worldwide revenues and related expenses from the rental of postage meters and the sale, rental and financing of mailing equipment, including mail finishing and software-based mail creation equipment, software-based shipping, transportation and logistics systems, and related supplies and services. During the first quarter of 2001, revenue declined one percent and operating profit increased five percent. Revenue growth was negatively impacted by the sale of the credit card portfolio at the end of the second quarter of 2000 and the negative impact of foreign currency, principally related to the British Pound, Canadian Dollar and the Euro. Excluding the impact of these two factors, Global Mailing revenues increased three percent. Core metering and mail finishing applications performed in line with the first quarter of 2000; however, these results were offset by softer sales of mail creation and shipping products. Global Mailing's operating profit benefited from lower administrative costs due to continuous process improvements.

The Enterprise Solutions segment includes Pitney Bowes Management Services and Document Messaging Technologies. Pitney Bowes Management Services includes facilities management contracts for advanced mailing, reprographic, document management and other value-added services to large enterprises. Document Messaging Technologies includes sales, service and financing of high speed, software-enabled production mail systems, sorting equipment, incoming mail systems, electronic statement, billing and payment solutions, and mailing software. During the first quarter of 2001, revenue grew 14 percent and operating profit grew 28 percent. Revenue growth was driven by a 15 percent increase at Pitney Bowes Management Services and a 12 percent increase at Document Messaging Technologies resulting from higher volume in both businesses. The operating profit improvement was driven by higher revenue and improved operating margins in both businesses.

The Capital Services segment includes primarily asset- and fee-based income generated by large-ticket, non-core asset transactions. During the quarter, revenue decreased five percent and operating profit increased 12 percent. This performance is consistent with the company's previously stated strategy to concentrate on fee-based income opportunities.

Cost of sales increased to 59.0 percent of sales revenue in the first quarter of 2001 compared with 58.5 percent in the first quarter of 2000. The increase was due to the increasing mix of lower margin Pitney Bowes Management Services sales revenue.

Cost of rentals and financing decreased to 24.7 percent of related revenues in the first quarter of 2001 compared with 26.2 percent in the first quarter of 2000. This was due primarily to lower depreciation of rental equipment.

Selling, service and administrative expenses were 33.4 percent of revenue in the first quarter of 2001 compared with 33.6 percent in the first quarter of 2000. This was due primarily to the company's continued emphasis on controlling operating expenses.

Research and development expenses increased 7.1 percent to $31.6 million in the first quarter of 2001 compared with $29.5 million in the first quarter of 2000. The increase reflects the company's continued commitment to developing new technologies and other mailing and software products.

Net interest expense increased to $50.6 million in the first quarter of 2001 from $44.7 million in the first quarter of 2000. The increase is due mainly to higher average interest rates and borrowings to fund the company's investment in leasing and rental products, and the share repurchase program.

The effective tax rate for the first quarter of 2001 was 30.2 percent. Excluding the restructuring charge, the effective tax rate for the first quarter of 2001 and 2000 was 31.5 percent.

Excluding the restructuring charge, income from continuing operations decreased 1.4 percent while diluted earnings per share from continuing operations increased 5.0 percent. The reason for the increase in diluted earnings per share outperforming income from continuing operations was the company's share repurchase program.

Discontinued Operations

On December 11, 2000, the company announced that its Board of Directors approved a formal plan to spin off the company's office systems business to stockholders as an independent, publicly-traded company. The transaction is expected to be completed by the end of the third quarter of 2001. Operating results of Office Systems have been segregated and reported as discontinued operations in the Consolidated Statements of Income. Prior year results have been reclassified to conform to the current year presentation. See Note 2 to the Consolidated Financial Statements.

On January 14, 2000, the company sold its mortgage servicing business, Atlantic Mortgage & Investment Corporation, a wholly-owned subsidiary of the company, to ABN AMRO North America. The company received approximately $484 million in cash at closing. The transaction is subject to post-closing adjustments.

Accounting Pronouncements

In 1998, Statement of Financial Accounting Standards (FAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," amended in 2000 by FAS No. 138, was issued. FAS No. 133 requires that an entity recognize all derivative instruments as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Changes in the fair value of those instruments will be reflected as gains or losses. The accounting for the gains or losses depends on the intended use of the derivative and the resulting designation. The company adopted the provisions of FAS No. 133 in the first quarter of 2001. The company uses derivatives to reduce the volatility in earnings and cash flows associated with the impact of interest rate changes and foreign currency fluctuations due to its investing and funding activities and its operations in different foreign currencies. Derivatives designated as cash flow hedges include primarily foreign exchange contracts and interest rate swaps related to variable-rate debt. Derivatives designated as fair value hedges include primarily interest rate swaps related to fixed rate debt. The adoption of FAS No. 133 has resulted in an after-tax reduction to accumulated other comprehensive income of $8.0 million, including a one-time cumulative effect of accounting change which reduced accumulated other comprehensive income by approximately $9.2 million. The adoption of FAS No. 133 has also impacted assets and liabilities recorded on the Consolidated Balance Sheet. The adoption of FAS No. 133 did not materially impact results of operations in the first quarter of 2001.

In 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," summarizing certain guidance in applying generally accepted accounting principles to revenue recognition in financial statements. The company adopted the provisions of SAB No. 101 in the fourth quarter of 2000, retroactive to January 1, 2000. The adoption of SAB No. 101 resulted in a one-time cumulative after-tax reduction in net income of $4.7 million (net of taxes of approximately $3.1 million)in the first quarter of 2000. The reduction to net income is primarily attributable to the deferral of sales recognition of software-enabled mail creation equipment and shipping products until installation.

In 2000, FAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" was issued, replacing FAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." FAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral, as well as requiring certain additional disclosures. However, it carries over most of the provisions contained in FAS No. 125. FAS No. 140 is effective for transfers

and servicing of financial assets and extinguishment of liabilities occurring after March 31, 2001. However, it is effective for the recognition and reclassification of collateral and for disclosures relating to those transactions for the year ended December 31, 2000. The company believes it is in compliance with these standards in all material respects.

Restructuring Charge

As previously announced, the company adopted a formal restructuring plan in the first quarter of 2001, designed to implement a common, streamlined business infrastructure across the corporation as a result of our decisions to spin off our office systems business and align our mailing business on a global basis, cost saving opportunities due to strategic acquisitions and partnerships, and additional benefits attained from the consolidation of our IT organization and

ERP initiatives. In connection with this plan, the company recorded a pretax restructuring charge of $75 million during the first quarter of 2001, of which $43.2 million was related to continuing operations, and the remaining $31.8 million related to discontinued operations. The company expects to record an additional charge of approximately $25 million to $35 million in the second quarter of 2001 to complete this restructuring plan. The restructuring charge related to continuing operations has been segregated in the Consolidated Statement of Income in the first quarter of 2001. The restructuring charge related to discontinued operations has been reported in discontinued operations in the Consolidated Statement of Income in the first quarter of 2001. See Note 2 to the Consolidated Financial Statements.

The charge related to continuing operations includes $35.2 million of severance and benefit costs for workforce reductions, $2.2 million of asset write downs and $5.8 million of other exit costs. All but the asset write down will result in cash outflows. The severance and benefit costs relate to a reduction in workforce of approximately 1,100 employees worldwide to be completed over the next 12 months. The workforce reductions relate to actions across several of our business units resulting from infrastructure and process improvements and our continuing efforts to streamline operations, and include managerial, professional, clerical and technical roles. Approximately 85% of the workforce reductions are in the U.S. The majority of the international workforce reductions are in Europe. None of the reductions will impact sales coverage. As of March 31, 2001, 289 employees were separated under these initiatives and approximately $5 million of severance and benefit costs were paid.

The charge related to discontinued operations includes $1.5 million of severance and benefit costs for work force reductions, $16.5 million of asset write downs and $13.8 million of other exit costs. The severance and benefit costs relate to a reduction in workforce of approximately 25 employees. The asset write downs relate primarily to a write-down of residual amounts in connection with leases of copier equipment and the write-down of facsimile equipment, resulting from the spin-off of our office systems business. Other exit costs relate primarily to incremental costs associated with cancellation and separation of facility occupancy leases that are shared between the company and Office Systems.

Total cash payments resulting from the restructuring charge for the first quarter of 2001 were approximately $6 million. We expect that the majority of the remaining cash outflows related to the restructuring charge will take place over the next 12 months, funded primarily by cash provided by operating activities. The restructuring charge is expected to increase our operating efficiency and effectiveness in 2002 and beyond while enhancing growth, primarily as a result of reduced personnel-related expenses.

Liquidity and Capital Resources

The ratio of current assets to current liabilities is .93 to 1 at March 31, 2001 compared with .91 to 1 at December 31, 2000.

The company has a medium-term note facility which was established as part of the company's shelf registrations, permitting issuances of up to $500 million in debt securities with a minimum maturity of nine months, of which $300 million

remained available at March 31, 2001.

In April 2001, the company issued the remaining $300 million of notes available from its shelf registration. These unsecured notes bear annual interest at 5.875% and mature in May 2006. The proceeds will be used for general corporate

purposes including the repayment of commercial paper, financing acquisitions and the repurchase of the company's stock.

PBCC has $425 million of unissued debt securities available at March 31, 2001 from a shelf registration statement filed with the SEC in July 1998. As part of this shelf registration statement in August 1999, PBCC established a medium-term note program for the issuance from time to time of up to $500 million aggregate principal amount of Medium-Term Notes, Series D, of which $175 million remained available at March 31, 2001.

The company believes that its financing needs for the next 12 months can be met with cash generated internally, money from existing credit agreements, debt issued under new and existing shelf registration statements and existing commercial paper and medium-term note programs.

The ratio of total debt to total debt and stockholders' equity including the preferred stockholders' equity in a subsidiary company was 73.4 percent at March 31, 2001 compared with 73.0 percent at December 31, 2000. Book value per common share decreased to $5.07 at March 31, 2001 from $5.16 at December 31, 2000 driven primarily by the repurchase of common shares. During the first quarter of 2001, the company repurchased two million common shares for $71.9 million.

To control the impact of interest rate risk on its business, the company uses a balanced mix of debt maturities, variable and fixed rate debt and interest rate swap agreements. The company enters into interest rate swap agreements primarily through its financial services business.

Capital Investments

In the first three months of 2001, net investments in fixed assets included $31.5 million in net additions to property, plant and equipment and $25.2 million in net additions to rental equipment and related inventories compared with $18.7 million and $33.8 million, respectively, in the same period in 2000. These additions include expenditures for normal plant and manufacturing equipment. In the case of rental equipment, the additions included the production of postage meters and the purchase of facsimile and copier equipment related to the discontinued operations of Office Systems.

Expenditures for property, plant and equipment, and rental equipment and related inventories are expected to be consistent with historical levels.

Subsequent Events

In April 2001, the company announced it had entered into an agreement to acquire Danka Services International, a wholly-owned division of Danka Business Systems PLC, for $290 million in cash. The transaction is expected to close by the end of the second quarter of 2001. Danka Services International provides on- and off-site document management services, including the management of central reprographics departments, the placement and maintenance of photocopiers, print-on-demand operations and document archiving and retrieval services.

In April 2001, the company also announced it had entered into an agreement to acquire Bell & Howell's International Mail and Messaging Technologies (MMT) business in Europe, Africa, the Middle East and Asia, for $51 million in cash. The transaction is expected to close by the end of the second quarter of 2001, subject to government approval as well as work council consultation. MMT markets and services high-end mail processing, sorting and service-related products through a network of distributors and direct operations.

Regulatory Matters

In 2000, the U.S. Postal Service (USPS) issued a proposed schedule for the phaseout of manually reset electronic meters in the U.S. as follows:

- As of February 1, 2000, new placements of manually reset electronic meters are no longer permitted.
- Current users of manually reset electronic meters can continue to use these meters for the term of their current rental and lease agreements. Leases or rentals due to expire in 2000 can be extended to December 31, 2001.

In August 2000, the USPS also issued a proposal to cease placements of non-digital, or letterpress, meters as follows:

- New placements of non-digital meters with a "timeout" feature that enables the meters to be automatically disabled, if not reset within a specified time period are no longer permitted after December 2003.
- New placements of non-digital meters without the "timeout" feature are no longer permitted after June 2001.

The company has submitted comments to the USPS's proposed schedules described above. Based on the proposed schedules, the company believes that the phaseout of manually reset electronic meters will not cause a material adverse financial impact on the company. The company is working with the USPS to meet the non-digital meter phaseout schedule and is currently evaluating the potential financial impact on the company.

As a result of the company's aggressive efforts to meet the USPS's mechanical meter migration phaseout schedule combined with the company's ongoing and continuing investment in advanced postage evidencing technologies, mechanical meters represented less than 1% of the company's installed meter base at December 31, 2000 and 1999. The company continues to work, in close cooperation with the USPS, to convert those mechanical meter customers who have not migrated to digital or electronic meters.

In May 1995, the USPS publicly announced its concept of its Information Based Indicia Program (IBIP) for future postage evidencing devices. As initially stated by the USPS, the purpose of the program was to develop a new standard for future digital postage evidencing devices which would significantly enhance postal revenue security and support expanded USPS value-added services to mailers. The program would consist of the development of four separate specifications:

- the Indicium specification - the technical specifications for the indicium to be printed
- a Postal Security Device specification - the technical specification for the device that would contain the accounting and security features of the system
- a Host specification
- a Vendor Infrastructure specification

During the period from May 1995 through December 2000, the company submitted extensive comments to a series of proposed IBIP specifications issued by the USPS. In March 2000, the USPS issued the latest set of proposed specifications, entitled "Performance Criteria for Information-Based Indicia and Security Architecture for Open IBI Postage Evidencing Systems" (the IBI Performance Criteria). The company has submitted comments to the IBI Performance Criteria. In September and October 2000, the USPS issued further proposed regulations regarding postage evidencing systems using Information Based Indicia, titled "Refunds and Exchanges" and "Production, Distribution and Use of Postal Security Devices and Information-Based Indicia." The Company has submitted comments regarding those proposed regulations.

In March 2000, the company received approval from the USPS for the commercial launch of the Internet version of a product which satisfies the proposed IBI

Performance Criteria, ClickStampTM Online.

In June 1999, the company was served with a Civil Investigative Demand (CID) from the U.S. Justice Department's Antitrust Division. A CID is a tool used by the Antitrust Division for gathering information and documents. The company believes that the Justice Department may be reviewing the company's efforts to protect its intellectual property rights. The company believes it has complied fully with the antitrust laws and is cooperating fully with the department's investigation.

Forward-Looking Statements

The company wants to caution readers that any forward-looking statements with the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 in this Form 10-Q, other reports or press releases or made by the company's management involve risks and uncertainties which may change based on various important factors. These forward-looking statements are those which talk about the company's or management's current expectations as to the future and include, but are not limited to, statements about the amounts, timing and results of possible restructuring charges and future earnings. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," and similar expressions may identify such forward-looking statements. Some of the factors which could cause future financial performance to differ materially from the expectations as expressed in any forward-looking statement made by or on behalf of the company include:

- changes in postal regulations
- timely development and acceptance of new products
- success in gaining product approval in new markets where regulatory approval is required
- successful entry into new markets
- mailers' utilization of alternative means of communication or competitors' products
- the company's success at managing customer credit risk
- changes in interest rates
- foreign currency fluctuations
- terms and timing of the spin-off of Office Systems
- terms and timing of the restructuring plan
- regulatory approvals and satisfaction of other conditions to consummation of any acquisitions

Part II - Other Information

Item 1: Legal Proceedings

In the course of normal business, the company is occasionally party to lawsuits. These may involve litigation by or against the company relating to, among other things:

- contractual rights under vendor, insurance or other contracts
- intellectual property or patent rights
- equipment, service or payment disputes with customers
- disputes with employees

The company is currently a plaintiff or defendant in a number of lawsuits, none of which should have, in the opinion of management and legal counsel, a material adverse effect on the company's financial position or results of operations.

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

Reg. S-K Exhibits	Description

(10) 1996 Pitney Bowes Employee Stock Purchase Plan

(12) Computation of ratio of earnings to fixed charges

(b) Reports on Form 8-K

On February 8, 2001, the company filed a current report on Form 8-K pursuant to Item 5 thereof, reporting segment data for the quarters ended in 2000 and 1999, and the years ended December 31, 2000 and 1999, reflecting the results of Office Systems in discontinued operations.

On February 1, 2001, the company filed a current report on Form 8-K pursuant to Item 5 thereof, reporting the Press Release dated January 30, 2001 for the quarter and year ended December 31, 2000.

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.

May 11, 2001

/s/ B. P. Nolop

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

/s/ A. F. Henock

A. F. Henock
Vice President - Finance
(Principal Accounting Officer)

Exhibit Index

Reg. S-K Exhibits	Description
(10)	1996 Pitney Bowes Employee Stock Purchase Plan
(12)	Computation of ratio of earnings to fixed charges

Exhibit (10)

1996 PITNEY BOWES EMPLOYEE STOCK PURCHASE PLAN
(as amended and restated in April 2001)

1996 PITNEY BOWES EMPLOYEE STOCK PURCHASE PLAN

1. Introduction

The Pitney Bowes Employee Stock Purchase Plan (the "Plan") is designed to encourage employees to become part owners of Pitney Bowes Inc. (the "Company") by the acquisition of shares of common stock of the Company, ("Common Stock"), thereby stimulating their personal and active interest in its growth and prosperity.

It is the intention of the Company to have the Plan qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision thereto, and the Plan shall be construed in accordance with such purpose.

2. Eligible Employees

An "Eligible Employee" is any person (i) who is an employee of (A) Pitney Bowes Inc. or (B) a subsidiary designated as a "a participating subsidiary" by the Committee, (ii) who has been employed for at least twenty (20) hours a week continuously since the last day of the fourth month preceding the month in which occurs the Initial Payroll Deduction Date (as defined below), and (iii) whose customary employment is for more than five (5) months in any one calendar year. An Eligible Employee shall be eligible to be offered options under this Plan.

Any provision of this Plan to the contrary notwithstanding, no Eligible Employee shall be granted an option under this Plan:

(a) If, immediately after the grant such Eligible Employee would own shares and/or hold outstanding options to purchase stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any subsidiary of the Company; or

(b) Which permits the Eligible Employee's rights to purchase shares under all employee stock purchase plans of the Company and its subsidiaries to accrue at a rate which exceeds $25,000, in the aggregate (or such greater amount as may be then permitted by Section 423, or any successor provision, of the Code), of the fair market value of the shares (determined at the time such option is granted) for each calendar year in which such options outstanding at any time.

An Eligible Employee who elects to participate as provided in Paragraph 4 shall be a "Participating Employee."

3. Offering

The Company may make offering ("Offerings") of shares of its Common Stock to Participating Employees. The Company may, if the Committee (as defined below) so directs, make one or more Offerings in any calendar year. For each Offering, Participating Employees will be granted rights to purchase stock in amounts up to a maximum percentage of such Participating Employee's annual compensation, which maximum percentage shall be 10% or such other percentage determined with respect to an Offering by the Committee in its discretion and shall apply uniformly to all participating Employees with respect to each such Offering. "Compensation" shall be as defined by the Administrator and shall apply to all participating Employees with respect to the applicable Offering.

The term of each Offering shall be one (1) year from July 1 (or such other date as the Committee, in its discretion, shall designate) (the "Offering Date") of the Offering year. For each Offering, the last business day of the term of the Offering shall be the date of exercise ("Exercise Date") unless the Committee determines otherwise. For each Offering the option price per share of stock (the"Exercise Price") will be determined by the Committee, in its discretion, but, unless the Committee determines otherwise and subject to the first paragraph of Section 8, shall be expressed as a percentage (the "Discount") of the average of the high and low price of the Common Stock on the New York Stock Exchange (the "Average Price") on the Offering Date. In no event shall the Committee determine an Exercise Price that is less than the lowest price that employee stock purchase plans are permitted to establish under Section 423 (or any successor provision) of the Code nor shall an option granted under this Plan be exercisable for a period of time longer than that permitted under Section 423 (or any successor provision) of the Code.

The Committee (or the Administrator if permitted by the terms of the Plan) shall in its discretion determine the terms and conditions under which each Offering shall be made and shall authorize and determine the number of shares of Common Stock that may be issued pursuant to each Offering. The Administrator shall determine the exact number of shares of Common Stock utilized in each Offering and shall report such information to the Treasurer or his or her delegate. The maximum number of shares of Common Stock that may be issued pursuant to this Plan is 10,000,000.

4. Method of Participation

Unless the Administrator shall specify otherwise, an Eligible Employee may become a Participating Employee in the Plan by filing on or before the Offering Date a completed Stock Purchase form provided by the Company and applying for an allotment of the number of shares purchasable, not to exceed the amounts described below. Any such Stock Purchase form pursuant to this paragraph 4 shall remain in effect for subsequent Offerings unless such Participating Employee delivers a new Stock Purchase form applying for a different allotment, which shall be applied to future Offerings until a further Stock Purchase form is received by the Company pursuant to this paragraph 4. Unless the Administrator shall specify otherwise, an Eligible Employee will also be required to agree to payroll deductions to cover the purchase price of such shares in accordance with paragraph 6.

Unless the Committee shall specify otherwise, on the Offering Date each Participating Employee will be granted an allotment for the number of shares of Common Stock which are purchasable, computed as the aggregate amount designated by such Participating Employee on such Participating Employee's Stock Purchase form to be deducted during the term of the Offering divided by the Exercise Price or for such reduced amount as permitted under paragraph 5 below. If such amount does not result in a whole number of shares, the number of shares will be decreased to the next lowest whole number.

Notice of the Offering will be given to each Participating Employee with full details as to the aggregate number of shares offered, the Exercise Price,

the number of shares allotted to the Participating Employee, the amount of payroll deductions to be made and any pro rata reduction in accordance with paragraph 5.

5. Oversubscriptions

In the event the number of shares for which subscriptions are received exceeds the number of shares offered as determined under paragraph 3, the number of shares allotted to each Participating Employee will be proportionately reduced.

6. Payroll Deductions

Unless the Administrator shall specify otherwise, the purchase price of each share of Common Stock for which a Participating Employee has a right to purchase will be deducted over a one (1) year period (or such shorter period as may be determined by the Administrator) in substantially equal installments (weekly, biweekly, semi-monthly or monthly, depending on the normal pay period

of such Participating Employee). Unless the Administrator shall specify otherwise, deductions shall begin in the first pay period commencing after the Offering Date (the "Initial Payroll Deduction Date"). All payroll deduction may be used by the Company for general corporate purposes. A separate bookkeeping account for each Participating Employee shall be maintained by the Company and the amount of each Participating Employee's payroll deductions shall be credited to such account.

7. Rights as a Stockholder

A Participating Employee will have none of the rights or privileges of a stockholder of the Company until the full purchase price of such Participating Employee's shares has been paid and such shares of Common Stock have been issued to the Participating Employee.

8. Issuance of Stock

Unless a Participating Employee cancels such Participating Employee's right to purchase as provided below, it will be exercised and become an obligation to take the shares of Common Stock as of the Exercise Date. Within a reasonable time after the Exercise Date, the number of shares purchased by a Participating Employee will be credited to such Participating Employee. Unless the Committee shall specify otherwise, if the Discount times the Average Price of the Common Stock on the Exercise Date yields a purchase price per share (the "New Price") less than the Exercise Price, then the New Price shall be used for any purchase for such Offering and the Participating Employee shall also receive an amount equal to the difference between the New Price and the Exercise Price times the number of shares so purchased for such Participating Employee.

The shares will be issued in the name of the employee or, upon such employee's request, jointly in such employee's name and that of a family member as specified on such employee's Stock Purchase Registration form.

The Committee, in its discretion, may impose restrictions on the transferability of shares of Common Stock acquired pursuant to this Plan, and may cause to be placed on all stock certificates, or other evidences of ownership, legends or other indicators setting forth any such restrictions on transferability instructing the transfer agent to notify the Company of any transfer of such shares. Such restrictions, if any, shall apply uniformly to all Participating Employees with respect to any Offering.

9. Right to Cancel

At such time prior to the final payroll deduction to be made pursuant to any Offering as may be specified by the Administrator, a Participating Employee may cancel all or any part of such Participating Employee's right to purchase by filing a notice of cancellation with the Company. Promptly after the Company's

receipt of such notice, the Participating Employee will receive the proportional amount withheld from such Participating Employee's compensation in respect of that portion of such Participating Employee's allotment which is canceled, with interest thereon at a rate to be determined as provided under paragraph 10, computed on the average balance to the credit of the Participating Employee during the period when payroll deductions were made. Rights to purchase which have been canceled pursuant to this section may not be reinstated at a later date.

10. Termination of Employment

If a Participating Employee dies or retires prior to such Participating Employee's final payroll deduction for an Offering, such Participating Employee or such Participating Employee's legal representative may, within a period of three (3) months thereafter, either:

(a) cancel all of such Participating Employee's right to purchase and request payment in cash of the entire amount which has been deducted under the Plan plus interest as computed below, or

(b) receive the number of full shares of Common Stock which the payroll deductions will purchase, at the Exercise Price, and receive the balance, if any, in cash.

Notice of choice between (a) and (b) above shall be given to the Company in writing and if such notice is not received within the prescribed period, the Company shall act in accordance with (a) above.

If a Participating Employee's employment is otherwise terminated, such Participating Employee's only right will be to receive in cash the amount which has been deducted under the Plan, together with interest, at the average passbook rate, or such other rate as the Committee shall determine, during the period up to that time.

A Participating Employee who remains an employee, but whose name is temporarily taken off the payroll because of leave of absence, temporary disability, temporary layoff, military service, or for service with another organization which is to the mutual benefit of the Company and the employee,

may cancel such Participating Employee's right to purchase and receive the amounts accumulated to such Participating Employee's credit, or make special arrangements to continue payments, or to suspend them. In the event of suspension of payments, full payment must be made not later than the Date of Exercise.

11. Rights not Transferable

No right under this Plan (other than stock issued pursuant to the terms of the Plan not otherwise subject to restrictions on transfer ("Released Stock")) shall be assignable, alienable, saleable, or transferable by a Participating Employee other than by will or by the laws of descent and distribution. Each right under this Plan shall be exercisable during the Participating Employee's lifetime only by the Participating Employee, or, if permissible under applicable law, by the Participating Employee's guardian or legal representative. No right hereunder (other than Released Stock) may be pledged, alienated, attached, or otherwise encumbered and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and unenforceable against the Company or any affiliate.

12. Administration

The Plan shall be administered by a committee (the "Committee") designated by the Board of Directors of the Company to administer the Plan, which committee shall be composed of persons then serving as Directors of the Company. The Committee shall have full authority to establish rules for the administration of the Plan, to make administrative decisions regarding the Plan and to make the determinations to be made by the Committee under the Plan. The Administrator, which shall be the Corporate Secretary or Assistant Corporate Secretary of the Company, may also make administrative decisions and perform functions regarding the Plan as provided in the Plan, except that the

designation of Eligible Employees and decisions concerning the timing, pricing and amount of participation shall be made by the Committee, subject to the other terms of the Plan.

Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan, any participation hereunder, or any participation agreement or certificate, shall be with and in the sole discretion of the Committee or the Administrator, as the case may be, may be made at any time, and shall be final, conclusive, and binding upon all persons, including the Company, any affiliate, any Participating Employee, any holder or beneficiary of any right of participation, and any employee of the Company or of any affiliate.

In the event a stock dividend, extraordinary cash dividend, spin-off, split-up, combination, exchange of shares, merger, consolidation, reorganization, recapitalization, or other similar corporate event affects the Common Stock such that an adjustment is required in order to preserve the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in its sole discretion, and in such manner as the Committee may deem equitable, adjust the maximum number of shares available under the Plan, the number and kind of shares subject to outstanding rights to purchase, and the terms relating to the purchase price with respect to such outstanding rights and take such other actions as the Committee, in its opinion, deems appropriate under the circumstances.

The Board of Directors of the Company may, from time to time amend, suspend or discontinue this Plan for the purpose of meeting any changes in legal requirements or for any other purpose permitted by law and the Committee may also amend or alter the Plan from time to time in a manner not inconsistent with the Board's power to amend, suspend or discontinue the Plan; provided, however, that, except for any adjustment authorized by the immediately preceding paragraph, the maximum number of shares that may be offered under this Plan may not be increased without appropriate stockholder approval.

Exhibit (12)

Pitney Bowes Inc.
Computation of Ratio of Earnings to Fixed Charges (1)

(Dollars in thousands)

	Three Months Ended March 31,	
	2001 (2)	2000 (2)
Income from continuing operations before income taxes	$ 148,899	$ 194,691
Add:		
Interest expense	52,788	46,508
Portion of rents representative of the interest factor	10,266	10,607
Amortization of capitalized interest	243	243
Minority interest in the income of		

subsidiary with fixed charges	3,361	3,282
Income as adjusted	$ 215,557	$ 255,331
Fixed charges:		
Interest expense	$ 52,788	$ 46,508
Capitalized interest	-	539
Portion of rents representative of the interest factor	10,266	10,607
Minority interest, excluding taxes, in the income of subsidiary with fixed charges	4,815	4,788
Total fixed charges	$ 67,869	$ 62,442
Ratio of earnings to fixed charges	3.18	4.09
Ratio of earnings to fixed charges excluding minority interest	3.37	4.37

<FN>

(1) The computation of the ratio of earnings to fixed charges has been computed by dividing income from continuing operations before income taxes as adjusted by fixed charges. Included in fixed charges is one-third of rental expense as the representative portion of interest.

(2) Interest expense and the portion of rents representative of the interest factor of the discontinued operations of Office Systems and AMIC have been excluded from fixed charges in the computation.

Including these amounts in fixed charges, the ratio of earnings to fixed charges would be 3.09 and 3.97 for the three months ended March 31, 2001 and March 31, 2000, respectively. The ratio of earnings to fixed charges excluding minority interest would be 3.26 and 4.23 for the three months ended March 31, 2001 and March 31, 2000, respectively.

</FN>