

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

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

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

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(b) Proforma Financial Information

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

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

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

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

	As reported	Capital Services	As adjusted

ASSETS			
Current assets:			
Cash and cash equivalents	\$ 195,341	\$ (727,930) (A)	\$ 923,271
Short-term investments	70,795		70,795
Accounts receivables, less allowances: 3/06, \$46,646; 12/05, \$46,261	660,270		660,270
Finance receivables, less allowances: 3/06, \$56,488; 12/05, \$52,622	1,425,953	52,500	1,373,453
Inventories	225,870		225,870
Other current assets and prepayments	215,225	3,011	212,214

Total current assets	2,793,454	(672,419)	3,465,873
Property, plant and equipment, net	615,544	143	615,401
Rental property and equipment, net	1,006,466	535,931	470,535
Property leased under capital leases, net	2,673		2,673
Long-term finance receivables, less allowances: 3/06, \$70,133; 12/05, \$76,240	1,831,442	186,133	1,645,309
Investment in leveraged leases	1,413,717	1,169,379	244,338
Goodwill	1,646,883		1,646,883
Intangible assets, net	349,564		349,564
Other assets	928,719	1,941	926,778

Total assets	\$10,588,462	\$ 1,221,108	\$ 9,367,354
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LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,453,641	\$ 16,812	\$ 1,436,829

Income taxes payable	85,806	(977,000) (B)	1,062,806
Notes payable and current portion of long-term obligations	894,232	33,820	860,412
Advance billings	496,534		496,534

Total current liabilities	2,930,213	(926,368)	3,856,581
Deferred taxes on income	1,907,769	1,260,000	647,769
Long-term debt	3,778,208	434,381	3,343,827
Other noncurrent liabilities	313,673	32,890	280,783

Total liabilities	8,929,863	800,903	8,128,960

Preferred stockholders' equity in a subsidiary company	310,000		310,000
Total stockholders' equity	1,348,599	420,205 (C)	928,394

Total liabilities and stockholders' equity	\$10,588,462	\$ 1,221,108	\$ 9,367,354
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See accompanying notes to unaudited pro forma consolidated financial statements.

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

	As reported	Capital Services (D)	Adjustments (E)	As adjusted

Revenue from:				
Sales	\$ 1,633,348	\$ --	\$ --	\$ 1,633,348
Rentals	801,285	--	--	801,285
Financing	650,226	--	--	650,226
Support services	791,360	--	--	791,360
Business services	1,477,459	--	--	1,477,459
Capital Services	138,505	81,725	--	56,780

Total revenue	5,492,183	81,725	--	5,410,458

Costs and expenses:				
Cost of sales	711,373	--	1,844	713,217
Cost of rentals	165,963	--	--	165,963
Cost of support services	407,044	--	796	407,840
Cost of business services	1,194,649	--	1,112	1,195,761
Selling, general and administrative	1,685,419	35,150	22,526	1,672,795
Research and development	164,806	--	945	165,751
Restructuring charge	53,650	--	--	53,650
Other expense	33,897	25,226	--	8,671
Interest, net	208,258	11,465	--	196,793

Total costs and expenses	4,625,059	71,841	27,223	4,580,441

Income from continuing operations before income taxes	867,124	9,884	(27,223)	830,017
Provision for income taxes	340,546	(7,279)	(9,256)	338,569

Income from continuing operations	\$ 526,578	\$ 17,163	\$ (17,967)	\$ 491,448
EPS Impact:				
Basic	\$ 2.30	\$ 0.07	\$ (0.08)	\$ 2.15
Diluted	\$ 2.27	\$ 0.07	\$ (0.08)	\$ 2.12

See accompanying notes to unaudited pro forma consolidated financial statements.

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

	As reported	Capital Services (D)	Adjustments (E)	As adjusted

Revenue from:				
Sales	\$ 1,462,967	\$ --	\$ --	\$ 1,462,967
Rentals	804,351	--	--	804,351

Financing	597,792	--	--	597,792
Support services	680,702	--	--	680,702
Business services	1,270,113	--	--	1,270,113
Capital Services	141,515	84,652	--	56,863
Total revenue	4,957,440	84,652	--	4,872,788
Costs and expenses:				
Cost of sales	663,584	--	2,025	665,609
Cost of rentals	164,074	--	--	164,074
Cost of support services	353,658	--	874	354,532
Cost of business services	1,046,747	--	1,220	1,047,967
Cost of Capital Services	13,017	13,017	--	--
Selling, general and administrative	1,506,308	20,637	24,732	1,510,403
Research and development	159,835	--	1,038	160,873
Restructuring charge	157,634	--	--	157,634
Other expense	19,666	--	--	19,666
Interest, net	173,469	10,753	--	162,716
Total costs and expenses	4,257,992	44,407	29,889	4,243,474
Income from continuing operations before income taxes	699,448	40,245	(29,889)	629,314
Provision for income taxes	218,922	2,538	(11,358)	205,026
Income from continuing operations	\$ 480,526	\$ 37,707	\$ (18,531)	\$ 424,288
EPS Impact:				
Basic	\$ 2.08	\$ 0.16	\$ (0.08)	\$ 1.84
Diluted	\$ 2.05	\$ 0.16	\$ (0.08)	\$ 1.81

See accompanying notes to unaudited pro forma consolidated financial statements.

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

	As reported	Capital Services (D)	Adjustments (E)	As adjusted
Revenue from:				
Sales	\$ 1,325,490	\$ --	\$ --	\$ 1,325,490
Rentals	785,130	--	--	785,130
Financing	575,574	--	--	575,574
Support services	617,800	--	--	617,800
Business services	1,119,146	--	--	1,119,146
Capital Services	153,713	98,380	--	55,333
Total revenue	4,576,853	98,380	--	4,478,473
Costs and expenses:				
Cost of sales	611,620	--	2,385	614,005
Cost of rentals	170,557	--	--	170,557
Cost of support services	323,279	--	1,030	324,309
Cost of business services	921,027	--	1,438	922,465
Selling, general and administrative	1,396,848	29,959	29,140	1,396,029
Research and development	147,262	--	1,222	148,484
Restructuring charge	116,713	--	--	116,713
Other income	(117)	--	--	(117)
Interest, net	168,573	793	--	167,780
Total costs and expenses	3,855,762	30,752	35,215	3,860,225
Income from continuing operations before income taxes	721,091	67,628	(35,215)	618,248
Provision for income taxes	226,244	12,365	(13,910)	199,969
Income from continuing operations	\$ 494,847	\$ 55,263	\$ (21,305)	\$ 418,279
EPS Impact:				
Basic	\$ 2.12	\$ 0.24	\$ (0.09)	\$ 1.79
Diluted	\$ 2.09	\$ 0.23	\$ (0.09)	\$ 1.77

See accompanying notes to unaudited pro forma consolidated financial statements.

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

	As reported	Capital Services (D)	As adjusted
Revenue from:			
Sales	\$ 405,778	\$ --	\$ 405,778
Rentals	196,812	--	196,812
Financing	174,996	--	174,996
Support services	194,543	--	194,543
Business services	386,368	--	386,368
Capital Services	45,607	28,865	16,742
Total revenue	1,404,104	28,865	1,375,239
Costs and expenses:			
Cost of sales	177,446	--	177,446
Cost of rentals	43,539	--	43,539
Cost of support services	102,615	--	102,615
Cost of business services	306,326	--	306,326
Selling, general and administrative	439,865	16,123	423,742
Research and development	41,536	--	41,536
Restructuring charge	5,597	--	5,597
Other income	(10,599)	(10,599)	--
Interest, net	65,330	9,071	56,259
Total costs and expenses	1,171,655	14,595	1,157,060
Income from continuing operations before income taxes	232,449	14,270	218,179
Provision for income taxes	78,921	4,532	74,389
Income from continuing operations	\$ 153,528	\$ 9,738	\$ 143,790
EPS Impact:			
Basic	\$ 0.68	\$ 0.04	\$ 0.64
Diluted	\$ 0.67	\$ 0.04	\$ 0.63

See accompanying notes to unaudited pro forma consolidated financial statements.

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

	As reported	Capital Services (D)	As adjusted
Revenue from:			
Sales	\$ 381,427	\$ --	\$ 381,427
Rentals	201,641	--	201,641
Financing	157,275	--	157,275
Support services	194,934	--	194,934
Business services	349,103	--	349,103
Capital Services	33,408	18,992	14,416
Total revenue	1,317,788	18,992	1,298,796
Costs and expenses:			
Cost of sales	168,221	--	168,221
Cost of rentals	42,317	--	42,317
Cost of support services	100,366	--	100,366
Cost of business services	289,110	--	289,110
Selling, general and administrative	413,810	7,601	406,209
Research and development	41,778	--	41,778
Restructuring gain	(15,840)	--	(15,840)
Other expense	10,000	--	10,000
Interest, net	46,816	3,148	43,668
Total costs and expenses	1,096,578	10,749	1,085,829

Income from continuing operations before income taxes	221,210	8,243	212,967
Provision for income taxes	75,935	2,865	73,070

Income from continuing operations	\$ 145,275	\$ 5,378	\$ 139,897
EPS Impact:			
Basic	\$ 0.63	\$ 0.02	\$ 0.61
Diluted	\$ 0.62	\$ 0.02	\$ 0.60

See accompanying notes to unaudited pro forma consolidated financial statements.

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

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

(c) Exhibits

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PITNEY BOWES INC.

July 20, 2006

/s/ B.P. Nolop

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

/s/ S.J. Green

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

PITNEY BOWES COMPLETES THE SALE OF CAPITAL SERVICES BUSINESS

STAMFORD, Conn., July 17 /PRNewswire-FirstCall/ -- Pitney Bowes Inc. (NYSE: PBI) announced today that it has completed the sale of its Capital Services external financing business to an affiliate of Cerberus Capital Management, L.P. The new business will operate under the name EntreCap Financial Corporation and will be based in Shelton, Connecticut.

"The sale of the Capital Services business is an important milestone for Pitney Bowes customers and shareholders," said Michael J. Critelli, Chairman and CEO of Pitney Bowes. "It enhances our focus on helping businesses and postal services around the world to leverage the mailstream to add value for their customers. The completion of this transaction also gives shareholders a clearer view of the underlying strength and growth of our business."

Net of transaction expenses the company will receive approximately \$750 million from the disposition of the business. In addition, the purchaser will assume about \$470 million of the company's non-recourse debt and other liabilities in connection with this transaction.

The proceeds from the sale will be used to pay taxes associated with the Capital Services business. These are deferred tax obligations that have accumulated over the lives of the assets in the portfolio, which become immediately payable upon the sale of the business to a third party.

Pitney Bowes engineers the flow of communication. The company is a \$5.5 billion global leader of mailstream solutions headquartered in Stamford, Connecticut. For more information about the company, its products, services and solutions, visit <http://www.pitneybowes.com/>.