SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549-1004

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 June 30, 1995

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

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, $2 par value, outstanding as of June 30, 1995 is 151,516,947.



Pitney Bowes Inc.
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Part I - Financial Information

Pitney Bowes Inc.

Consolidated Statement of Income

(Unaudited)

(Dollars in thousands, except per share data)

| | Three Months Ended June 30, 1995 | Three Months Ended June 30, 1994(1) | Six Months Ended June 30, 1995 | Six Months Ended June 30, 1994(1) |
|---|---|---|---|---|
| Revenue from: | | | | |
| Sales | $ 371,405 | $ 347,475 | $ 734,801 | $ 661,444 |
| Rentals and financing | 381,939 | 368,541 | 751,878 | 698,642 |
| Support services | 109,259 | 102,273 | 214,836 | 203,577 |
| Total revenue | 862,603 | 818,289 | 1,701,515 | 1,563,663 |
| Costs and expenses: | | | | |
| Cost of sales | 233,551 | 200,655 | 446,277 | 383,705 |
| Cost of rentals and financing | 106,591 | 129,204 | 212,802 | 232,124 |
| Selling, service and administrative | 287,327 | 286,574 | 577,892 | 554,318 |
| Research and development | 21,643 | 18,316 | 41,982 | 37,686 |
| Interest, net | 59,876 | 46,141 | 118,961 | 88,267 |
| Total costs and expenses | 708,988 | 680,890 | 1,397,914 | 1,296,100 |
| Income from continuing operations before income taxes | 153,615 | 137,399 | 303,601 | 267,563 |
| Provision for income taxes | 55,266 | 50,313 | 109,263 | 98,869 |
| Income from continuing operations | 98,349 | 87,086 | 194,338 | 168,694 |
| Discontinued operations | 10,675 | 11,532 | 20,997 | 21,786 |
| Income before effect of a change in accounting for postemployment benefits | 109,024 | 98,618 | 215,335 | 190,480 |
| Effect of a change in accounting for postemployment benefits | - | - | - | (119,532) |
| Net income | $ 109,024 | $ 98,618 | $ 215,335 | $ 70,948 |
| Income per common and common equivalent share: | | | | |
| Income from continuing operations | $ .65 | $ .55 | $ 1.28 | $ 1.06 |

| | | | | |
|---|---|---|---|---|
| Discontinued operations | .07 | .07 | .14 | .14 |
| Effect of a change in accounting for postemployment benefits | - | - | - | (.75) |
| Net income | $ .72 | $ .62 | $ 1.42 | $ .45 |
| Average common and common equivalent shares outstanding | 152,253,551 | 159,117,094 | 152,172,775 | 159,349,831 |
| Dividends declared per share of common stock | $ .30 | $ .26 | $ .60 | $ .52 |
| Ratio of earnings to fixed charges | 3.12 | 3.39 | 3.11 | 3.37 |

<FN>
(1) Reclassified to reflect discontinued operations.



Pitney Bowes Inc.
Consolidated Balance Sheet
(Unaudited)

| (Dollars in thousands) | June 30, 1995 | December 31, 1994 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 136,805 | $ 75,106 |
| Short-term investments, at cost which approximates market | 1,385 | 639 |
| Accounts receivable, less allowances: 6/95, $16,395; 12/94, $16,909 | 386,472 | 422,276 |
| Finance receivables, less allowances: 6/95, $37,093; 12/94, $36,224 | 1,082,582 | 1,050,090 |
| Inventories (Note 2) | 418,320 | 430,641 |
| Other current assets and prepayments | 102,460 | 104,992 |
| Total current assets | 2,128,024 | 2,083,744 |
| Property, plant and equipment, net (Note 3) | 554,390 | 578,650 |
| Rental equipment and related inventories, net (Note 3) | 718,273 | 695,343 |
| Property leased under capital leases, net (Note 3) | 9,997 | 12,633 |
| Long-term finance receivables, less allowances: 6/95, $79,111; 12/94, $76,867 | 3,228,854 | 3,086,401 |
| Investment in leveraged leases | 510,864 | 481,308 |
| Goodwill, net of amortization: 6/95, $44,390; 12/94, $40,984 | 234,439 | 222,445 |
| Other assets | 267,080 | 239,196 |
| Total assets | $7,651,921 | $7,399,720 |
| **Liabilities and stockholders' equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 723,183 | $ 828,396 |
| Income taxes payable | 238,775 | 194,427 |
| Notes payable and current portion of long-term obligations | 2,303,756 | 2,626,231 |
| Advance billings | 336,134 | 329,415 |

| | | |
|---|---|---|
| Total current liabilities | 3,601,848 | 3,978,469 |
| Deferred taxes on income | 482,157 | 453,438 |
| Long-term debt | 1,051,528 | 779,217 |
| Other noncurrent liabilities | 435,735 | 443,527 |
| Total liabilities | 5,571,268 | 5,654,651 |
| Preferred stockholders' equity in a subsidiary company | 200,000 | - |
| Stockholders' equity: | | |
| Cumulative preferred stock, $50 par value, 4% convertible | 47 | 48 |
| Cumulative preference stock, no par value, $2.12 convertible | 2,640 | 2,790 |
| Common stock, $2 par value | 323,338 | 323,338 |
| Capital in excess of par value | 32,705 | 35,200 |
| Retained earnings | 1,910,100 | 1,785,513 |
| Cumulative translation adjustments | (36,824) | (41,617) |
| Treasury stock, at cost | (351,353) | (360,203) |
| Total stockholders' equity | 1,880,653 | 1,745,069 |
| Total liabilities and stockholders' equity | $7,651,921 | $7,399,720 |



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

(Dollars in thousands)

| | Six Months Ended June 30, 1995 | 1994(1) |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 215,335 | $ 70,948 |
| Effect of a change in accounting for postemployment benefits | - | 119,532 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 129,492 | 133,879 |
| Nonrecurring charges, net | - | (344) |
| Net change in the strategic focus initiative | (20,481) | - |
| Increase in deferred taxes on income | 29,546 | 20,094 |
| Change in assets and liabilities: | | |
| Accounts receivable | 12,575 | 7,802 |
| Sales-type lease receivables | (32,047) | (38,510) |
| Inventories | (19,853) | (37,797) |
| Other current assets and prepayments | 5,002 | 7,399 |
| Accounts payable and accrued liabilities | (117,748) | (72,216) |
| Income taxes payable | 30,552 | 36,372 |
| Advance billings | 10,397 | 13,636 |
| Other, net | (52,858) | (35,746) |
| Net cash provided by operating activities | 189,912 | 225,049 |

| | | |
|---|---|---|
| Cash flows from investing activities: | | |
| Short-term investments | (746) | (198) |
| Net investment in fixed assets | (158,870) | (146,779) |
| Net investment in direct-finance lease receivables | (140,168) | 73,462 |
| Investment in leveraged leases | (11,913) | 966 |
| Proceeds from sale of subsidiary | 127,000 | - |
| Net cash used in investing activities | (184,697) | (72,549) |
| Cash flows from financing activities: | | |
| Decrease in notes payable | (308,402) | (77,042) |
| Proceeds from long-term obligations | 275,000 | 200,000 |
| Principal payments on long-term obligations | (24,322) | (138,713) |
| Proceeds from issuance of stock | 19,128 | 18,008 |
| Stock repurchases | (14,932) | (48,183) |
| Proceeds from preferred stock issued by a subsidiary | 200,000 | - |
| Dividends paid | (90,748) | (82,075) |
| Net cash provided by (used in) financing activities | 55,724 | (128,005) |
| Effect of exchange rate changes on cash | 760 | 645 |
| Increase in cash and cash equivalents | 61,699 | 25,140 |
| Cash and cash equivalents at beginning of period | 75,106 | 54,653 |
| Cash and cash equivalents at end of period | $ 136,805 | $ 79,793 |
| Interest paid | $ 130,437 | $ 89,962 |
| Income taxes paid | $ 60,976 | $ 54,695 |

<FN>
(1) Reclassified to reflect discontinued operations.



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 the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of Pitney Bowes Inc. (the company), all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position of the company as of June 30, 1995 and the results of its operations and cash flows for the six months ended June 30, 1995 and 1994 have been included. Operating results for the six months ended June 30, 1995 are not necessarily indicative of the results that may be expected for the year ending December 31, 1995. These statements should be read in conjunction with the financial statements and notes thereto included in the company's Annual Report to Stockholders and Form 10-K Annual Report for the year ended December 31, 1994.

Note 2:

Inventories are comprised of the following:

| (Dollars in thousands) | June 30, 1995 | December 31, 1994 |
|---|---|---|
| Raw materials and work in process | $ 95,892 | $111,051 |
| Supplies and service parts | 113,123 | 114,429 |
| Finished products | 209,305 | 205,161 |
| Total | $418,320 | $430,641 |

Note 3:

Fixed assets are comprised of the following:

| (Dollars in thousands) | June 30, 1995 | December 31, 1994 |
|---|---|---|
| Property, plant and equipment | $1,166,080 | $1,218,016 |
| Accumulated depreciation | (611,690) | (639,366) |
| Property, plant and equipment, net | $ 554,390 | $ 578,650 |
| Rental equipment and related inventories | $1,530,594 | $1,484,698 |
| Accumulated depreciation | (812,321) | (789,355) |
| Rental equipment and related inventories, net | $ 718,273 | $ 695,343 |
| Property leased under capital leases | $ 34,619 | $ 38,644 |
| Accumulated amortization | (24,622) | (26,011) |
| Property leased under capital leases, net | $ 9,997 | $ 12,633 |



Note 4:
The company has refined its strategic focus, with the intent to capitalize on its strengths and competitive position. Based on an extensive review, the company decided to concentrate its energies and resources on products and services which facilitate the preparation, organization, movement, delivery, tracking, storage and retrieval of documents, packages, letters and other materials, in hard copy and digital form for its customers. Accordingly, the company announced in 1994 its intent to seek buyers for its Dictaphone Corporation (Dictaphone) and Monarch Marking Systems, Inc. (Monarch) subsidiaries.

On June 29, 1995, the company sold Monarch for approximately $127 million in cash to a new company jointly formed by Paxar Corporation and Odyssey Partners, L.P. The sale resulted in an immaterial after-tax gain.

In April 1995, the company signed a definitive agreement to sell Dictaphone for $450 million in cash to an affiliate of Stonington Partners, Inc. The sale is conditioned upon, among other things, the buyer's obtaining financing and the receipt of applicable regulatory approvals. The buyer has received commitment letters from Stonington Capital Appreciation 1994 Fund, L.P., a fund managed by Stonington Partners, Inc., for its equity financing and commitment letters and highly confident letters from major financial institutions for its debt financing. The sale will result in a net after-tax gain which is expected to be included in the results of operations for the third quarter of 1995.

Dictaphone and Monarch have been classified in the Consolidated Statement of Income as discontinued operations. Summary results of the Dictaphone and Monarch operations prior to their sales, which have been classified separately, were as follows (results included for Monarch in 1995 are through June 29, 1995):

| (Dollars in thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 1995 | 1994 | 1995 | 1994 |
| Revenue | $137,744 | $136,572 | $277,481 | $267,975 |
| Income before income taxes | $ 17,285 | $ 19,221 | $ 34,717 | $ 35,915 |
| Provision for income taxes | 6,845 | 7,689 | 13,955 | 14,129 |
| Income from discontinued operations | $ 10,440 | $ 11,532 | $ 20,762 | $ 21,786 |

Note 5:
In June 1995, a subsidiary of the company issued $200 million of variable term voting preferred stock to outside institutional investors in a private placement. The preferred stock, $.01 par value, is entitled to cumulative dividends at rates set at auction, generally for 49 day intervals. The stock issuance, which appears on the consolidated balance sheet as "Preferred stockholders' equity in a subsidiary company", is designed to enable the company to better manage its international cash and investments. The consolidated statement of income reflects the dividends as a minority interest in "Selling, service and administrative" expense.



Note 6:
During 1994, the company adopted a formal plan designed to address the impact of technology on work force requirements and to further refine its strategic focus on core businesses worldwide. Current and future product offerings require a smaller, but more highly skilled engineering, manufacturing and service work force to take full advantage of design, production, diagnostic and service strategies. As of June 30, 1995, the company has made severance and benefit payments of approximately $23.9 million to nearly 1,000 employees separated under the strategic focus initiatives. Approximately 80 employees with the requisite enhanced skills have been hired to produce and service advanced product offerings. The company expects remaining cash outlays to occur principally in 1995.



Pitney Bowes Inc.
Management's Discussion and Analysis of Financial
Condition and Results of Operations

Results of Continuing Operations - second quarter of 1995 vs. second quarter of 1994.

Revenue increased five percent to $862.6 million in 1995 compared to $818.3 million in the second quarter of 1994. Excluding the effect of approximately $27 million of operating lease assets sold in 1994 revenue increased nine percent. Income from continuing operations increased 13 percent to $98.3 million in 1995 from $87.1 million in the second quarter of 1994.

Sales revenue increased seven percent in 1995. This increase was comprised of a six percent growth in volume and a one percent growth from favorable foreign currency exchange rate changes. The facilities management business recorded strong sales growth as it continued to expand its facilities management contract base, especially in the commercial and industrial market segment. In addition, sales revenue was enhanced by strong growth in copier equipment sales and facsimile system revenue, driven principally by supply sales partially offset by price declines.

Rentals and financing revenue increased 12 percent from the prior year excluding the effect of the $27 million of asset sales in 1994. Rental revenue growth reflected a higher number of postage meters on rental, especially higher yielding Postage By Phone and electronic meters, a higher number of plain paper facsimile systems in service and price increases. The company continued to grow its base of stable, recurring revenue by adding over 25,000 postage meters to its U.S. installed base during the first half of 1995. This represents a 60 percent increase over the comparable period last year. The increase in financing revenue is principally due to a higher base of small-ticket equipment under lease, as well as an increased contribution from non-interest sensitive revenue sources. Financing revenue growth in 1995 continues to be negatively affected by the company's 1993 decision to phase out the business of financing non-Pitney Bowes equipment outside of the United States.

Support services revenue rose seven percent from the prior year. The revenue growth was attributable to expansion of the service bases in the U.S. mailing and shipping businesses and price increases.

The cost of sales to sales revenue ratio increased to 62.9 percent in second quarter of 1995 from 57.7 percent in the second quarter of 1994. The increased ratio reflects higher U.S. mailing product costs which are driven, in part, by prior year efficiencies resulting from increased volume and larger production runs relating to the final build of the model 6100 mailing machine, as well as higher field parts usage in 1995 to support the growing equipment base. In addition, the ratio increase continues to be affected by the increased significance of the company's facilities management business which includes most of its



expenses in cost of sales and to a lesser extent by higher copier equipment costs related to a stronger yen.

The ratio of cost of rentals and financing to rentals and financing revenue decreased to 27.9 percent in 1995 from 35.1 percent in 1994 primarily as a result of the 1994 operating lease asset sales which contributed $25.2 million of cost to cost of rentals and financing in 1994. This improvement was also impacted by reduced credit loss requirements at the financial services businesses and consistent with the first quarter, by the change in the postage meter estimated service lives which are based, in part, on technological content.

Selling, service and administrative expenses were 33.3 percent of revenue in the second quarter 1995 compared to 35.0 percent in second quarter 1994. This ratio improved reflecting that the benefits of the actions being taken as part of the plan adopted in the third quarter 1994 to refine the strategic focus on the core businesses are being realized. In addition, this improvement reflects cost containment programs throughout the company.

Research and development expenses increased 18 percent to $21.6 million in the second quarter of 1995 from $18.3 million in the second quarter 1994. This increase reflected higher expenditures for new products approaching the end of their development cycle, as well as continued investment in advanced product development with emphasis on electronic technology and software development. In 1994 a greater portion of engineering activity was attributable to engineering support for recently introduced products which costs are included in cost of sales.

Net interest expense increased to $59.9 million in the second quarter 1995 from $46.1 million in 1994. This increase is due to higher short-term interest rates and higher average borrowing levels in 1995.

The second quarter effective tax rate was 36.0 percent in 1995 compared to 36.6 percent in 1994. The 1995 effective rate was favorably affected by tax benefits associated with a company owned life insurance program, the positive impact of the residual portfolio purchase at financial services, completed in the fourth quarter of 1994, as well as a higher level of tax-exempt income.

Results of Continuing Operations - six months of 1995 vs. six months of 1994.

For the first six months of 1995 compared with the same period of 1994, revenue increased nine percent while income from continuing operations increased 15 percent to $194.3 million. The factors that affected revenue and earnings performance included those cited for the second quarter 1995 versus 1994. In addition, in the first quarter of 1995, revenue was favorably affected by approximately $30 million increased PROM (memory chip) sales attributable to the January 1, 1995 United States postal rate change.



As part of the company's review of the impacts of technology on its core businesses and the desire of worldwide postal services to transition to all electronic postage meters, the estimated service lives of postage meters was revised effective January 1, 1995. The meter base has been segregated according to technological content. Mechanical meters, which constitute approximately 60 percent of the meter base, had their depreciable lives shortened while electronic meters had their depreciable lives lengthened due to improved security, functionality and limited risk of technological obsolescence. These changes have been accounted for as changes in accounting estimates and did not have a material effect on the 1995 results.

Nonrecurring Item

During 1994, the company adopted a formal plan designed to address the impact of technology on work force requirements and to further refine its strategic focus on core businesses worldwide. Current and future product offerings require a smaller, but more highly skilled engineering, manufacturing and service work force to take full advantage of design, production, diagnostic and service strategies. As of June 30, 1995, the company has made severance and benefit payments of approximately $23.9 million to nearly 1,000 employees separated under the strategic focus initiatives. Approximately 80 employees with the requisite enhanced skills have been hired to produce and service advanced product offerings. The company expects remaining cash outlays to occur principally in 1995.

Discontinued Operations

On June 29, 1995, the company sold Monarch Marking Systems, Inc. (Monarch) for approximately $127 million in cash to a new company jointly formed by Paxar Corporation and Odyssey Partners, L.P. The sale resulted in an immaterial after-tax gain.

In April 1995, the company signed a definitive agreement to sell Dictaphone Corporation (Dictaphone) for $450 million in cash to an affiliate of Stonington Partners, Inc. The sale is conditioned upon, among other things, the buyer's obtaining financing and the receipt of applicable regulatory approvals. The buyer has received commitment letters from Stonington Capital Appreciation 1994 Fund, L.P., a fund managed by Stonington Partners, Inc., for its equity financing and commitment letters and highly confident letters from major financial



institutions for its debt financing. The sale which is expected to be included in the results of operations for the third quarter of 1995 will result in a net after-tax gain.

1994 Accounting Change

The company adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (FAS 112), as of January 1, 1994. FAS 112 required that postemployment benefits be recognized on the accrual basis of accounting. Postemployment benefits include primarily company-provided medical benefits to disabled employees and company provided life insurance as well as other disability- and death-related benefits to former or inactive employees, their beneficiaries and covered dependents. The one-time effect on first quarter 1994 earnings of adopting FAS 112 was a non-cash, after-tax charge of $119.5 million (net of approximately $80.5 million of income taxes), or 75 cents per share.

Liquidity and Capital Resources

Working capital has improved since year-end 1994, due to decreases in short-term borrowings caused by the proceeds from the issuance of long-term debt by Pitney Bowes Credit Corporation (PBCC), the issuance of preferred stock in a subsidiary company, and from the sale of Monarch. The current ratio as of June 30, 1995 was .59 to 1 and as of December 31, 1994, was .52 to 1.

As part of the company's non-financial services shelf registrations, a medium-term note facility exists permitting issuance of up to $100 million in debt securities with maturities ranging from more than one year up to 30 years of which $32 million remain available at June 30, 1995. The company also has an additional $300 million remaining on its non-financial services shelf registrations filed with the Securities and Exchange Commission. Amounts available under credit agreements, shelf registrations and commercial paper and medium-term note programs, in addition to cash generated internally and by the sales of Monarch and Dictaphone, are expected to be sufficient to provide for financing needs in the next two years.

In May 1995, PBCC issued $100 million of 6.250 percent notes due in June, 1998 and $100 million of 6.625 percent notes due in June, 2002. In June 1995, PBCC also issued $75 million of medium term notes due in June, 1998 and June, 2000 with a weighted average coupon rate of 6.014 percent. PBCC has $125 million available from a $500 million shelf registration statement filed with the Securities and Exchange Commission in October 1992.

In June 1995, a subsidiary of the company, issued $200 million of variable term voting preferred stock to outside institutional investors in a private placement. The preferred stock, $.01 par value, is entitled to cumulative dividends at rates set at auction, generally for 49 day intervals. The stock issuance, which appears on the



consolidated balance sheet as "Preferred stockholders' equity in a subsidiary company", is designed to enable the company to better manage its international cash and investments. The proceeds of the issuance were used to pay down short-term borrowings. The consolidated statement of income reflects the dividends as a minority interest in "Selling, service, and administrative" expense.

The ratio of total debt to total debt and stockholders' equity including the preferred stockholders' equity in a subsidiary company in total debt was 65.5% at June 30, 1995 compared to 66.3% at December 31, 1994. This ratio was favorably affected by the proceeds from the sale of Monarch which were used primarily to repay short-term debt. This ratio is expected to be favorably impacted by the anticipated proceeds from the sale of Dictaphone, which is expected to close in the third quarter of 1995 and which will be used to repay short-term debt and for other corporate purposes. Book value per common share increased to $12.39 at June 30, 1995 from $11.52 at year-end 1994 principally due to year-to-date income. This was offset, in part, by the repurchase of approximately 450,000 common shares for $14.9 million in the first quarter of 1995. These repurchases were in anticipation of the proceeds from the sales of Dictaphone and Monarch.

The company enters into interest rate swap agreements principally through its financial services business. It has been the practice and objective of the company to use a balanced mix of debt maturities, variable- and fixed-rate debt and interest rate swap agreements to control the company's sensitivity to interest rate volatility. The company utilizes interest rate swap agreements when it considers the economic benefits to be favorable. Swap agreements, as noted above, have been principally utilized to fix interest rates on commercial paper and/or obtain a lower cost on debt than would otherwise be available absent the swap.

Capital investments

In the first half of 1995, net investments in fixed assets included $61.4 million in net additions to property, plant and equipment and $94.8 million in net additions to rental equipment and related inventories compared with $49.1 million and $87.6 million during the same period in 1994, respectively. These additions included expenditures for a new facility the company is building in Shelton, Connecticut, as well as normal plant and manufacturing equipment. In the case of rental equipment, the additions included the production of postage meters and purchase of facsimile and copier equipment for both new placement and upgrade programs.

At June 30, 1995, commitments for the acquisition of property, plant and equipment included plant and manufacturing equipment improvements, as well as rental equipment for new and replacement programs.

## Part II - Other Information

Item 4: Submission of Matters to a Vote of Security Holders.

Below are the final results of the voting at the annual meeting of shareholders held on May 8, 1995:

Proposal 1 - Election of Directors

| Nominee | For | Withheld |
|---|---|---|
| Linda G. Alvarado | 128,734,273 | 812,963 |
| Marc C. Breslawsky | 128,651,313 | 895,923 |
| Colin G. Campbell | 128,765,377 | 781,859 |
| Charles E. Hugel | 128,760,063 | 787,173 |

Proposal 2 - Appointment of Price Waterhouse LLP as Independent Accountants

| For | Withheld | Abstain |
|---|---|---|
| 128,922,773 | 257,395 | 367,068 |

There were no broker non-votes on either proposal.

The following other directors continued their term of office after the annual meeting:

William E. Butler
David T. Kimball
Michael J. Critelli
George B. Harvey
Leroy D. Nunery
Phyllis S. Sewell
Arthur R. Taylor

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

(a) Exhibits (numbered in accordance with Item 601 of Regulation S-K)

| Reg. S-K Exhibits | Status or Description | Incorporation by Reference |
|---|---|---|
| (11) | Computation of earnings per share. | See Exhibit (i) on page 17. |
| (12) | Computation of ratio of earnings to fixed charges. | See Exhibit (ii) on page 18. |



(b) Reports on Form 8-K.

On May 11, 1995, the company filed a Form 8-K disclosing the signing of a definitive agreement to sell Dictaphone Corporation and related operations worldwide.for $450 million in cash to an affiliate of Stonington Partners, Inc.

On June 21, 1995 the company filed a Form 8-K disclosing the signing of a definitive agreement to sell Monarch Marking Systems, Inc. and related operations worldwide for $127 million in cash to a new company jointly formed by Paxar Corporation and Odyssey Partners.



## 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.

August 10, 1995

/s/ C. F. Adimando
C. F. Adimando
Vice President - Finance and
Administration, and Treasurer
(Principal Financial Officer)

/s/ S. J. Green
S. J. Green
Vice President - Controller
(Principal Accounting Officer)

Pitney Bowes Inc.
Computation of Earnings per Share

Exhibit (i)

| (Dollars in thousands, except per share data) | Three Months Ended June 30, 1995 | Three Months Ended June 30, 1994(1) | Six Months Ended June 30, 1995 | Six Months Ended June 30, 1994(1) |
|---|---|---|---|---|
| Primary | | | | |
| Income from continuing operations (2) | $ 98,348 | $ 87,086 | $ 194,337 | $ 168,693 |
| Discontinued operations | 10,675 | 11,532 | 20,997 | 21,786 |
| Effect of accounting change | - | - | - | (119,532) |
| Net income applicable to common stock | $ 109,023 | $ 98,618 | $ 215,334 | $ 70,947 |
| Weighted average number of common shares outstanding | 151,140,234 | 157,752,918 | 151,147,730 | 157,918,406 |
| Preference stock, $2.12 cumulative convertible | 789,002 | 850,662 | 800,486 | 860,118 |
| Stock option and purchase plans | 324,315 | 513,514 | 224,559 | 571,307 |
| Total common and common equivalent shares outstanding | 152,253,551 | 159,117,094 | 152,172,775 | 159,349,831 |
| Income per common and common equivalent share - primary: | | | | |
| Continuing operations | $ .65 | $ .55 | $ 1.28 | $ 1.06 |
| Discontinued operations | .07 | .07 | .14 | .14 |
| Effect of accounting change | - | - | - | (.75) |
| Net income | $ .72 | $ .62 | $ 1.42 | $ .45 |
| Fully Diluted | | | | |
| Income from continuing operations | $ 98,349 | $ 87,086 | $ 194,338 | $ 168,694 |
| Discontinued operations | 10,675 | 11,532 | 20,997 | 21,786 |
| Effect of accounting change | - | - | - | (119,532) |
| Net income applicable to common stock | $ 109,024 | $ 98,618 | $ 215,335 | $ 70,948 |
| Weighted average number of common shares outstanding | 151,140,234 | 157,752,918 | 151,147,730 | 157,918,406 |
| Preference stock, $2.12 cumulative convertible | 789,002 | 850,662 | 800,486 | 860,118 |
| Stock option and purchase plans | 356,987 | 522,388 | 259,794 | 592,135 |
| Preferred stock, 4% cumulative convertible | 11,490 | 15,235 | 11,526 | 15,804 |
| Total common and common equivalent shares outstanding | 152,297,713 | 159,141,203 | 152,219,536 | 159,386,463 |
| Income per common and common equivalent share - fully diluted: | | | | |
| Continuing operations | $ .65 | $ .55 | $ 1.28 | $ 1.06 |
| Discontinued operations | .07 | .07 | .14 | .14 |
| Effect of accounting change | - | - | - | (.75) |
| Net income | $ .72 | $ .62 | $ 1.42 | $ .45 |

<FN>
(1) Reclassified to reflect discontinued operations.
<FN>
(2) Income from continuing operations was adjusted for preferred dividends.

Exhibit (ii)

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

| (Dollars in thousands) | Three Months Ended June 30, 1995 | Three Months Ended June 30, 1994(2) | Six Months Ended June 30, 1995 | Six Months Ended June 30, 1994(2) |
|---|---|---|---|---|
| Income from continuing operations before income taxes | $153,615 | $137,399 | $303,601 | $267,563 |
| Add: | | | | |
| Interest expense | 61,593 | 47,140 | 121,704 | 91,270 |
| Portion of rents representative of the interest factor | 10,446 | 10,393 | 21,227 | 21,388 |
| Amortization of capitalized interest | 229 | 225 | 457 | 457 |
| Income as adjusted | $225,883 | $195,157 | $446,989 | $380,678 |
| Fixed charges: | | | | |
| Interest expense | $ 61,593 | $ 47,140 | $121,704 | $ 91,270 |
| Capitalized interest | 468 | 110 | 962 | 172 |
| Portion of rents representative of the interest factor | 10,446 | 10,393 | 21,227 | 21,388 |
| | $ 72,507 | $ 57,643 | $143,893 | $112,830 |
| Ratio of earnings to fixed charges | 3.12 | 3.39 | 3.11 | 3.37 |

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

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS FINANCIAL INFORMATION EXTRACTED FROM PITNEY BOWES INC.
CONSOLIDATED BALANCE SHEET, CONSOLIDATED STATEMENT OF INCOME, CORRESPONDING
FOOTNOTE #3 FIXED ASSETS AND STATEMENT RE COMPUTATION OF PER SHARE EARNINGS AND
IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
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