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, 2002

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
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Number of shares of common stock, $1 par value, outstanding as of April 30, 2002 is 240,624,775.

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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, 2002	Three Months Ended March 31, 2001
Revenue from:		
Sales and management services	$ 541,199	$ 471,472
Rentals and financing	370,152	367,992
Support services	138,157	126,859
Total revenue	1,049,508	966,323
Costs and expenses:		
Cost of sales and management services	334,270	278,350
Cost of rentals and financing	90,667	90,833
Selling, service and administrative	356,668	322,903
Research and development	34,069	31,602
Interest, net	45,298	50,585
Restructuring charge (Note 10)	-	43,151
Total costs and expenses	860,972	817,424
Income before income taxes	188,536	148,899
Provision for income taxes	59,019	44,962
Net income	$ 129,517	$ 103,937
Basic earnings per share	$ .54	$ .42
Diluted earnings per share	$ .53	$ .42
Dividends declared per share of common stock	$ .295	$ .29
Ratio of earnings to fixed charges	4.11	3.18

Ratio of earnings to fixed charges excluding minority interest	4.22	3.37

See Notes to Consolidated Financial Statements

Pitney Bowes Inc.
Consolidated Balance Sheets

(Dollars in thousands, except share data)	March 31, 2002 (unaudited)	December 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	$ 264,323	$ 231,588
Short-term investments, at cost which approximates market	10,545	1,790
Accounts receivable, less allowances: 3/02, $32,199; 12/01, $32,448	394,692	408,414
Finance receivables, less allowances: 3/02, $64,427; 12/01, $61,451	1,598,463	1,601,189
Inventories (Note 3)	172,804	163,012
Other current assets and prepayments	148,063	150,615
Total current assets	2,588,890	2,556,608
Property, plant and equipment, net (Note 4)	537,850	534,595
Rental equipment and related inventories, net (Note 4)	450,582	472,186
Property leased under capital leases, net (Note 4)	1,193	1,489
Long-term finance receivables, less allowances: 3/02, $66,913; 12/01, $65,967	1,816,210	1,898,976
Investment in leveraged leases	1,368,729	1,337,282
Goodwill	668,908	635,873
Other assets	818,002	881,462
Total assets	$ 8,250,364	$ 8,318,471
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,367,091	$ 1,425,809
Income taxes payable	290,024	250,895
Notes payable and current portion of long-term obligations	1,234,773	1,072,057
Advance billings	321,264	334,281
Total current liabilities	3,213,152	3,083,042
Deferred taxes on income	1,260,820	1,273,593
Long-term debt (Note 5)	2,233,844	2,419,150
Other noncurrent liabilities	347,136	341,331
Total liabilities	7,054,952	7,117,116
Preferred stockholders' equity in a subsidiary company	310,000	310,000
Stockholders' equity:		
Cumulative preferred stock, $50 par value, 4% convertible	24	24
Cumulative preference stock, no par value, $2.12 convertible	1,552	1,603
Common stock, $1 par value	323,338	323,338
Capital in excess of par value	2,013	6,979
Retained earnings	3,716,613	3,658,481
Accumulated other comprehensive income (Note 8)	(154,304)	(155,380)
Treasury stock, at cost	(3,003,824)	(2,943,690)
Total stockholders' equity	885,412	891,355
Total liabilities and stockholders' equity	$ 8,250,364	$ 8,318,471

See Notes to Consolidated Financial Statements

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

(Dollars in thousands)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Cash flows from operating activities:		
Net income	$ 129,517	$ 103,937
Nonrecurring charges, net	-	32,494
Nonrecurring payments	(20,641)	(6,693)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	65,616	80,219
Increase in deferred taxes on income	3,426	34,498
Change in assets and liabilities:		
Accounts receivable	11,952	3,387
Net investment in internal finance receivables	13,307	33,242
Inventories	(10,693)	3,614
Other current assets and prepayments	2,317	(762)
Accounts payable and accrued liabilities	(17,456)	(107,762)
Income taxes payable	42,932	2,684
Advance billings	(12,374)	(10,869)
Other, net	874	(6,337)
Net cash provided by operating activities	208,777	161,652
Cash flows from investing activities:		
Short-term investments	(8,765)	13,667
Net investment in fixed assets	(40,541)	(56,671)
Net investment in finance receivables	(4,262)	17,353
Net investment in capital services	63,583	58,741
Investment in leveraged leases	(32,281)	(16,188)
Net investment in insurance contracts	1,048	2,960
Reserve account deposits	(461)	34,832
Other investing activities	-	(28,430)
Net cash (used in) provided by investing activities	(21,679)	26,264
Cash flows from financing activities:		
(Decrease) increase in notes payable, net	(233,595)	228,079
Proceeds from long-term obligations	217,938	786
Principal payments on long-term obligations	(1,532)	(282,521)
Proceeds from issuance of stock	7,150	3,901
Stock repurchases	(72,301)	(71,879)
Dividends paid	(71,385)	(72,008)
Net cash used in financing activities	(153,725)	(193,642)
Effect of exchange rate changes on cash	(638)	1,857
Increase (decrease) in cash and cash equivalents	32,735	(3,869)
Cash and cash equivalents at beginning of period	231,588	198,255
Cash and cash equivalents at end of period	$ 264,323	$ 194,386
Interest paid	$ 54,074	$ 64,021
Income taxes paid, net	$ 3,774	$ 11,718

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, 2002 and December 31, 2001, and the results of our operations and cash flows for the three months ended March 31, 2002 and 2001 have been included. Operating results for the three months ended March 31, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. These statements should be read in conjunction with the financial statements and notes thereto included in the company's 2001 Annual Report to Stockholders on Form 10-K. Certain prior year amounts in the consolidated financial statements have been reclassified to conform with the current year presentation.

Note 2:

On December 3, 2001, the company completed the spin off of its office systems business to stockholders as an independent, publicly-traded company under the name of Imagistics International Inc. (IGI).

Revenue of IGI was $151.9 million for the first quarter of 2001. Net interest expense allocated to IGI's discontinued operations was $2.9 million for the first quarter of 2001. Interest has been allocated based on the net assets of IGI charged at the company's weighted average borrowing rate. Operating results of IGI have been segregated and reported as discontinued operations in the Consolidated Statement of Income for the first quarter of 2001. Income from IGI's 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. Cash flow impacts of IGI's discontinued operations have not been segregated in the Consolidated Statement of Cash Flows for the first quarter of 2001.

Note 3:

Inventories are comprised of the following:

(Dollars in thousands)

	March 31, 2002	December 31, 2001
Raw materials and work in process	$ 62,780	$ 55,679
Supplies and service parts	50,905	48,498
Finished products	59,119	58,835
Total	$ 172,804	$ 163,012

Note 4:

Fixed assets are comprised of the following:

(Dollars in thousands)	March 31, 2002	December 31, 2001
Property, plant and equipment	$ 1,280,418	$ 1,261,102
Accumulated depreciation	(742,568)	(726,507)
Property, plant and equipment, net	$ 537,850	$ 534,595
Rental equipment and related inventories	$ 1,083,450	$ 1,079,260

Accumulated depreciation	(632,868)	(607,074)
Rental equipment and related inventories, net	$ 450,582	$ 472,186
Property leased under capital leases	$ 19,126	$ 19,240
Accumulated amortization	(17,933)	(17,751)
Property leased under capital leases, net	$ 1,193	$ 1,489

<FN>
Depreciation expense from continuing operations was $58.6 million and $57.3 million for the quarters ended March 31, 2002 and 2001, respectively.
</FN>

Note 5:

In October 2001, the company filed a shelf registration statement with the SEC permitting issuances of up to $2 billion in debt securities, preferred stock and depositary shares. Pursuant to this registration statement, on February 20, 2002, the company completed an offering of Euros 250 million of senior unsecured notes. These notes bear interest at a floating rate of EURIBOR plus 20 basis points, set two Euro business days preceding the quarterly interest payment dates and mature in August 2003. The notes are listed on the Luxembourg Stock Exchange and have been designated as a hedge of Euro denominated assets held by the company. The proceeds from these notes were used for general corporate purposes, including the repayment of commercial paper, financing acquisitions and the repurchase of company stock. On March 31, 2002, $1.8 billion remained available under this registration statement.

Pitney Bowes Credit Corporation (PBCC) has $75 million of unissued debt securities available at March 31, 2002 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.

Note 6:

A reconciliation of the basic and diluted earnings per share computations for the three months ended March 31, 2002 and 2001 is as follows (in thousands, except per share data):

	2002			2001		
	Income	Shares	Per Share	Income	Shares	Per Share
Net income	$ 129,517			$ 103,937		
Less:						
Preferred stock dividends	-			(1)		
Preference stock dividends	(30)			(33)		
Basic earnings per share	$ 129,487	241,601	$ .54	$ 103,903	248,125	$ .42
Effect of dilutive securities:						
Preferred stock	-	12		1	14	
Preference stock	30	951		33	1,013	
Stock options		1,630			520	
Other		94			89	
Diluted earnings per share	$ 129,517	244,288	$ .53	$ 103,937	249,761	$ .42

<FN>
In accordance with Statement of Financial Accounting Standards (FAS) No. 128, "Earnings per Share," 1.8 million and 4.4 million common stock equivalent shares were excluded from the above computation, in the first quarter of 2002 and 2001, respectively, because the exercise prices of such options were greater than the average market price of the common stock and therefore the impact of these shares would be antidilutive.
</FN>

Note 7:

Revenue and operating profit by business segment for the three months ended March 31, 2002 and 2001 were as follows:

(Dollars in thousands)	Three Months Ended March 31, 2002	2001 (2)
Revenue:		
Global Mailing	$ 712,091	$ 688,224
Enterprise Solutions	291,390	230,590
Total Messaging Solutions	1,003,481	918,814
Capital Services	46,027	47,509
Total revenue	$ 1,049,508	$ 966,323
Operating Profit: (1)		
Global Mailing	$ 201,581	$ 204,329
Enterprise Solutions	17,581	18,819
Total Messaging Solutions	219,162	223,148
Capital Services	19,707	17,547
Total operating profit	238,869	240,695
Unallocated amounts:		
Net interest (corporate interest expense, net of intercompany transactions)	(20,245)	(19,759)
Corporate expense	(30,088)	(28,886)
Restructuring charge	-	(43,151)
Income before income taxes	$ 188,536	$ 148,899

<FN>
(1) Operating profit excludes general corporate expenses, income taxes and net interest other than that related to finance operations.
(2) Prior year amounts have been reclassified to conform with the current year presentation.
</FN>

Net interest expense included in business segment operating profit was as follows:

(Dollars in thousands)	Three Months Ended March 31, 2002	2001
Global Mailing	$ 13,492	$ 14,571
Enterprise Solutions	225	240
Total Messaging Solutions	13,717	14,811
Capital Services	11,336	16,015
Total net interest expense for reportable segments	25,053	30,826
Net interest (corporate interest expense, net of intercompany transactions)	20,245	19,759
Consolidated net interest expense	$ 45,298	$ 50,585

Note 8:

Comprehensive income for the three months ended March 31, 2002 and 2001 was as follows:

(Dollars in thousands)

	Three Months Ended March 31, 2002	2001
Net income	$ 129,517	$ 103,937
Other comprehensive income:		
Foreign currency translation adjustments	(1,894)	11,596
Cumulative effect of accounting change	-	(9,152)
Net unrealized gains on derivative instruments	2,970	1,175
Comprehensive income	$ 130,593	$ 107,556

Note 9:

In 1998, 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 resulted in a one-time cumulative effect of accounting change which reduced accumulated other comprehensive income by approximately $9.2 million in the first quarter of 2001.

In 2001, FAS No. 141, "Business Combinations" and FAS No. 142, "Goodwill and Other Intangible Assets" were issued requiring business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting, and refining the criteria for recording intangible assets separate from goodwill. Recorded goodwill and intangibles have been evaluated against this new criterion and resulted in certain intangibles being included in goodwill, or alternatively, amounts initially recorded as goodwill being separately identified and recognized apart from goodwill. FAS No. 142 requires the use of a nonamortization approach to account for purchased goodwill and indefinite lived intangibles. Under a nonamortization approach, goodwill and indefinite lived intangibles have not been amortized into results of operations, but instead will be reviewed for impairment and charged against results of operations only in the periods in which the recorded value of goodwill and indefinite lived intangibles is more than its fair value. In 2001, the company adopted the provisions of each statement, which apply to business combinations completed after June 30, 2001. The provisions of each statement, which apply to goodwill and intangible assets acquired prior to June 30, 2001 were adopted by the company effective January 1, 2002. The adoption of these accounting standards did not materially impact results of operations for the first quarter of 2002. Goodwill will be reviewed for impairment on a periodic basis.

In 2001, FAS No. 143, "Accounting for Asset Retirement Obligations" was issued, amending FAS No. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies," and applies to all entities. FAS No. 143

addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. FAS No. 143 is effective January 1, 2003 for the company. The company is currently evaluating the impact of this statement.

In 2001, FAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," was issued, replacing FAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and portions of Accounting Principles Board (APB) Opinion 30, "Reporting the Results of Operations." FAS No. 144 provides a single accounting model for long-lived assets to be disposed of and changes the criteria that would have to be met to classify an asset as held-for-sale. FAS No. 144 retains the requirement of APB Opinion 30, to report discontinued operations separately from continuing operations and extends that reporting to separate components of an entity. The provisions of FAS No. 144 have been adopted by the company effective January 1, 2002. The adoption of these accounting standards did not materially impact results of operations for the first quarter of 2002.

Note 10:

In 2001, the company adopted a formal restructuring plan to implement a common, streamlined business infrastructure across the corporation as a result of the company's decisions to spin off its office systems business and align its mailing business on a global basis, as well as cost saving opportunities resulting from strategic acquisitions and partnerships, and additional benefits attained from the consolidation of its IT organization and ERP initiatives. In connection with this plan, the company recorded pretax restructuring charges of $75.0 million and $149.3 million for the three months ended March 31, 2001 and year ended December 31, 2001, respectively, of which $43.2 million and $116.1 million, respectively, related to continuing operations and the remaining $31.8 million and $33.2 million, respectively, related to discontinued operations. The restructuring charges related to continuing operations have been segregated in the Consolidated Statements of Income. The restructuring charges related to discontinued operations have been reported in discontinued operations in the Consolidated Statements of Income.

The restructuring charges related to continuing operations were comprised of:

(Dollars in millions)	Three months ended March 31, 2001	Year ended December 31, 2001
Severance and benefit costs	$ 35.2	$ 74.3
Asset impairments	2.2	28.0
Other exit costs	5.8	13.8
	$ 43.2	$ 116.1

All restructuring charges, except for the asset impairments, will result in cash outflows. The severance and benefit costs relate to a reduction in workforce of approximately 1,200 employees worldwide which was initiated in 2001 and will be completed over the next six months. The workforce reductions relate to actions across several of our businesses resulting from infrastructure and process improvements and our continuing efforts to streamline operations, and include managerial, professional, clerical and technical roles. Approximately 80% 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, 2002, 922 employees were separated under these initiatives and approximately $49 million of severance and benefit costs were paid. Asset impairments relate primarily to the disposal or abandonment of certain hardware and software applications, resulting from the alignment of our mailing business on a global basis and ERP initiatives. Other exit costs relate primarily to lease termination costs, non-cancelable lease payments, other costs associated with business activities that have been exited and the consolidation of excess facilities.

Accrued restructuring charges at March 31, 2002 consist of the following:

(Dollars in millions)

	Total restructuring charges	2001 cash payments	Non-cash charges	Ending balance at December 31, 2001	2002 cash payments	Ending balance at March 31, 2002
Severance and benefit costs	$ 76.2	$ 34.5	$ -	$ 41.7	$ 14.2	$ 27.5
Asset impairments	45.5	-	45.5	-	-	-
Other exit costs	27.6	14.5	-	13.1	1.1	12.0
	$ 149.3	$ 49.0	$ 45.5	$ 54.8	$ 15.3	$ 39.5

The company expects that the majority of the remaining cash outflows related to restructuring charges will take place over the next six months, funded primarily by cash provided by operating activities. The restructuring charges are expected to increase our operating efficiency and effectiveness in 2002 and beyond while enhancing growth, primarily as a result of reduced personnel-related expenses.

Note 11:

In 2001, the company adopted a formal plan to transition to the next generation of networked mailing technology. The information capture and exchange made possible by advanced technology, turns the postage meter into an "intelligent" terminal that networks the mailer to postal and carrier information and systems. This two-way information architecture, in turn, enables convenient access to and delivery of value-added services such as tracking, delivery confirmation and rate information. The adoption of this plan was facilitated by our expanded access to technology and our ability to move to networked products combined with our expectations that the U.S. and postal services around the world will continue to encourage the migration of mailing systems to networked digital technologies. As a result of this plan, certain electronic meter rental assets and related equipment will not be placed back in service. In addition, certain leased equipment will either not be remarketed or will result in lower realization at end of lease as a result of the introduction of new technology. In connection with this plan, the company recorded non-cash pretax charges of $268.3 million for the year ended December 31, 2001, related to assets associated with our non-networked mailing technology. In November 2001, postal regulations were issued, consistent with the company's meter transition plan, defining the meter migration process and timing.

Note 12:

Secap SA (Secap)

On October 31, 2001, the company announced it had completed the acquisition of Secap, the France-based mailing systems subsidiary of Fimalac, for approximately Euros 220 million ($206 million) in cash. The results of Secap's operations have been included in the consolidated financial statements since the date of acquisition. Secap offers a range of mail processing and paper handling equipment, supplies and technology for low- to mid-volume mailers. Secap holds more than 30% of the postage meter market share in France.

The following table summarizes the preliminary estimated fair values of the major assets acquired and liabilities assumed at the date of acquisition:

(Dollars in thousands)

Intangible assets	$ 62,200
Goodwill	167,859
Other, net	(23,632)
Purchase price	$ 206,427

Intangible assets are comprised of customer relationships valued at $33.9 million, and paper handling and meter technology valued at $22.9 million, and a trade name valued at $5.4 million. These intangible assets have a weighted-average useful life of approximately 15 years. The goodwill was assigned to the Global Mailing segment.

Danka Services International (DSI)

On June 29, 2001, the company completed its acquisition of DSI from Danka Business Systems PLC for $290 million in cash. DSI provides on- and off-site document management services, including the management of central reprographic departments, the placement and maintenance of photocopiers, print-on-demand operations and document archiving and retrieval services. The acquisition has been accounted for under the purchase method and accordingly, the operating results of DSI have been included in the company's consolidated financial statements since the date of acquisition.

The following table summarizes the preliminary estimated fair values of the major assets acquired and liabilities assumed at the date of acquisition:

(Dollars in thousands)

Intangible assets	$ 43,800
Goodwill	214,990
Other, net	31,210
Purchase price	$ 290,000

The intangible assets relate to customer relationships and have a useful life of approximately 15 years. The goodwill was assigned to the Enterprise Solutions segment.

Bell & Howell International Mail and Messaging Technologies (MMT)

On June 5, 2001, the company completed the acquisition of MMT in Europe, Africa, the Middle East and Asia for $51 million in cash. MMT markets and services high-end mail processing, sorting and service-related products through a network of distributors and direct operations. The acquisition has been accounted for under the purchase method, and accordingly, the operating results of the acquisition have been included in the company's consolidated financial statements since the date of acquisition.

The following table summarizes the preliminary estimated fair values of the major assets acquired and liabilities assumed at the date of acquisition:

(Dollars in thousands)

Intangible assets	$ 10,900
Goodwill	47,022
Other, net	(6,922)
Purchase price	$ 51,000

The intangible assets relate primarily to customer relationships and inserting technology. These intangibles have a useful life of approximately 10 years. The goodwill was assigned to the Global Mailing segment.

Consolidated impact of acquisitions

The Consolidated Income Statement for the three months ended March 31, 2002 included revenues of $23.1 million, $62.6 million and $11.7 million from Secap, DSI and MMT, respectively. The acquisitions of Secap, DSI, and MMT did not materially impact net income for the three months ended March 31, 2002.

The following unaudited pro forma consolidated results have been prepared as if the acquisitions of Secap, DSI, and MMT had occurred on January 1, 2001:

(Dollars in thousands)

	Three Months Ended March 31,	
	2002	2001
Total revenue............................	$ 1,049,508	$ 1,079,980

The pro forma consolidated results do not purport to be indicative of results that would have occurred had the acquisitions been completed on January 1, 2001, nor do they purport to be indicative of the results that will be obtained in the future. The pro forma earning results of these acquisitions were not material to earnings on either a per share or an aggregate basis.

During 2001, the company also completed several smaller acquisitions including, the acquisition of a majority ownership in MailCode Inc., a mail processing company, the acquisition of Alysis Technologies Inc., a leading provider of digital document delivery solutions and the acquisition of some of the company's international dealerships. The cost of these acquisitions were in the aggregate less than $50 million. These acquisitions did not have a material impact on the company's financial results either individually or on an aggregate basis.

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

Results of Continuing Operations - first quarter of 2002 vs. first quarter of 2001

Revenue increased nine percent in the first quarter of 2002 to $1,049.5 million compared with $966.3 million in the first quarter of 2001. Net income increased to $129.5 million in the first quarter of 2002 compared to $103.9 million in the first quarter of 2001. Excluding the restructuring charge in the first quarter of 2001, net income decreased two percent to $129.5 million from $131.6 million for the same period in 2001 and diluted earnings per share was 53 cents for both periods. Excluding the acquisitions of Secap SA (Secap), Danka Services International (DSI) and Bell & Howell's International Mail and Messaging Technologies (MMT), revenue declined one percent. These acquisitions did not materially impact earnings either on a per share or aggregate basis.

First quarter 2002 revenue included $541.2 million from sales, up 14.8 percent from $471.5 million in the first quarter of 2001; $370.2 million from rentals and financing, up one percent from $368.0 million; and $138.2 million from support services, up nine percent from $126.9 million. Sales revenue includes all revenues from Pitney Bowes Management Services (PBMS) which were $234.4 million and $171.6 million for the quarters ended March 31, 2002 and 2001, respectively. Excluding the acquisitions of Secap, DSI and MMT, sales revenue declined two percent.

Total Messaging Solutions, the combined results of the Global Mailing segment and Enterprise Solutions segment, reported nine percent revenue growth and a two percent decline in operating profit growth.

Our 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, related supplies and services, and postal payment and supply chain solutions such as order management and fulfillment support. During the first quarter of 2002, Global Mailing revenue increased three percent and operating profit decreased one percent. Excluding the recent acquisitions of Secap, MMT and foreign currency impacts, Global Mailing revenues decreased one percent compared to the prior year. Global Mailing revenue growth, particularly in the U.S., continues to be adversely impacted by moderating customer orders and upgrades due to the continuing slow economic environment, especially for shipping and system related products. We have also experienced a shift in product mix to lower margin products and services, resulting in slightly lower operating profit. Within the Global Mailing segment, international mailing's double-digit revenue growth was supported by the recent acquisitions and improving business trends in the UK. However, international revenues were adversely impacted by declines in revenue in both Canada and Germany.

Our Enterprise Solutions segment includes PBMS and Document Messaging Technologies (DMT). PBMS includes facilities management contracts for advanced mailing, reprographic, document management and other high value-added services to large enterprises. DMT includes sales, service and financing of high speed, software-enabled production mail systems, sortation equipment, incoming mail systems, electronic statement, billing and payment solutions, and mailing software. During the first quarter of 2002, revenue grew 26 percent, and operating profit declined seven percent. PBMS revenue grew 37 percent, and operating profit grew 66 percent. Excluding DSI, PBMS revenue was flat for the quarter. Contraction in the financial services and technology industries had an adverse impact on PBMS's growth. However, there continues to be strong interest among many large enterprises for integrated mailroom and document management services as they seek enhanced operating efficiencies and security. DMT reported revenue of $57 million for the quarter, a decline of three percent for the first quarter of 2002, with a substantially greater decline in operating profit. Slower placements of high margin equipment, an increase in lower margin service revenue and continued investment in new product development contributed to the decline in operating profit in the quarter.

Our Capital Services segment includes primarily asset- and fee-based income generated by large-ticket, non-core asset transactions and revenue and related expenses associated with the strategic financing of equipment for postal authorities around the world that were previously included in the Global Mailing segment.

During the first quarter of 2002, revenue decreased three percent and operating profit increased 12 percent which is consistent with our ongoing objectives to shift to fee-based transactions.

Cost of sales increased to 61.8 percent of sales revenue in the first quarter of 2002 compared with 59.0 percent in the first quarter of 2001. The increase was mainly driven by the acquisition of DSI, the increasing mix of lower margin core PBMS sales revenue and unfavorable product mix at DMT as customers delayed purchases of higher margin customized inserting systems. Cost of sales attributable to PBMS was $187.9 million and $139.8 million for the quarters ended March 31, 2002 and 2001, respectively.

Cost of rentals and financing decreased to 24.5 percent of related revenues in the first quarter of 2002 compared with 24.7 percent in the first quarter of 2001.

Selling, service and administrative expenses were 34.0 percent of revenue in the first quarter of 2002 compared with 33.4 percent in the first quarter of 2001. The increase was due primarily to the higher mix of support services revenue and costs associated with growth initiatives.

Research and development expenses increased eight percent to $34.1 million in the first quarter of 2002 compared with $31.6 million in the first quarter of 2001. The increase reflects our continued commitment to developing new technologies and other mailing and software products.

Net interest expense decreased to $45.3 million in the first quarter of 2002 from $50.6 million in the first quarter of 2001. The decrease was due to lower interest rates during 2002 compared to 2001 associated with borrowings to fund our investment in leasing and rental products, acquisitions and the stock repurchase program.

The effective tax rate for the first quarter of 2002 was 31.3 percent. Excluding the restructuring charge in the first quarter of 2001, the effective tax rate was 31.5 percent. The tax rate was favorably impacted by the nonamortization approach to goodwill beginning in 2002.

Net income in the first quarter of 2002 grew 24.6 percent. Excluding the restructuring charge in the first quarter of 2001, net income in 2002 decreased two percent while diluted earnings per share increased 0.6 percent. The reason for the increase in diluted earnings per share outperforming net income was our share repurchase program.

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. We adopted the provisions of FAS No. 133 in the first quarter of 2001. We use derivatives to reduce the volatility in earnings and cash flows associated with the impact of interest rate changes and foreign currency fluctuations due to our investing and funding activities and our 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 resulted in a one-time cumulative effect of accounting change which reduced accumulated other comprehensive income by approximately $9.2 million in the first quarter of 2001.

In 2001, FAS No. 141, "Business Combinations" and FAS No. 142, "Goodwill and Other Intangible Assets" were issued requiring business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting, and refining the criteria for recording intangible assets separate from goodwill. Recorded goodwill and intangibles have been evaluated against this new criterion and resulted in certain intangibles being included in goodwill, or alternatively, amounts initially recorded as goodwill being separately identified and recognized apart from goodwill. FAS No. 142 requires the use of a nonamortization approach to account for purchased goodwill and indefinite lived intangibles. Under a nonamortization approach, goodwill and indefinite lived intangibles have not been amortized into results of operations, but instead will be reviewed for impairment and charged against results of operations only in the periods in which the recorded value of goodwill and indefinite lived intangibles is more than its fair value. In 2001, we adopted the provisions of each statement, which apply to business combinations completed after June 30, 2001. The provisions of each statement, which apply to goodwill and intangible assets acquired prior to June 30, 2001 were adopted on January 1, 2002. The adoption of these accounting standards did not materially impact results of operations for the first quarter of 2002. Goodwill will be reviewed for impairment on a periodic basis.

In 2001, FAS No. 143, "Accounting for Asset Retirement Obligations" was issued, amending FAS No. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies," and applies to all entities. FAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. FAS No. 143 is effective January 1, 2003. We are currently evaluating the impact of this statement.

In 2001, FAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," was issued, replacing FAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and portions of Accounting Principles Board (APB) Opinion 30, "Reporting the Results of Operations." FAS No. 144 provides a single accounting model for long-lived assets to be disposed of and changes the criteria that would have to be met to classify an asset as held-for-sale. FAS No. 144 retains the requirement of APB Opinion 30, to report discontinued operations separately from continuing operations and extends that reporting to separate components of an entity. The provisions of FAS No. 144 have been adopted effective January 1, 2002. The adoption of these accounting standards did not materially impact results of operations for the first quarter of 2002.

Discontinued Operations

On December 3, 2001, we completed the spin off of our office systems business to stockholders as an independent, publicly-traded company under the name of Imagistics International Inc. (IGI). Operating results of IGI have been segregated and reported as discontinued operations in the Consolidated Statement of Income for the first quarter of 2001.

Restructuring Charges

In 2001, we adopted a formal restructuring plan to implement a common, streamlined business infrastructure as a result of our decisions to spin off our office systems business and align our mailing business on a global basis, as well as cost saving opportunities resulting from strategic acquisitions and partnerships, and additional benefits attained from the consolidation of our IT organization and ERP initiatives. In connection with this plan, we recorded pretax restructuring charges of $75.0 million and $149.3 million for the three months ended March 31, 2001 and year ended December 31, 2001, respectively, of which $43.2 million and $116.1 million, respectively, related to continuing operations and the remaining $31.8 million and $33.2 million, respectively, related to discontinued operations. The restructuring charges related to continuing operations have been segregated in the Consolidated Statements of Income. The restructuring charges related to discontinued operations have been reported in discontinued operations in the Consolidated Statements of Income.

The restructuring charges related to continuing operations were comprised of:

(Dollars in millions)	Three months ended March 31, 2001	Year ended December 31, 2001
Severance and benefit costs	$ 35.2	$ 74.3
Asset impairments	2.2	28.0
Other exit costs	5.8	13.8
	$ 43.2	$ 116.1

All restructuring charges, except for the asset impairments, will result in cash outflows. The severance and benefit costs relate to a reduction in workforce of approximately 1,200 employees worldwide which was initiated in 2001 and will be completed over the next six months. The workforce reductions relate to actions across several of our businesses resulting from infrastructure and process improvements and our continuing efforts to streamline operations, and include managerial, professional, clerical and technical roles. Approximately 80% 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, 2002, 922 employees were separated under these initiatives and approximately $49 million of severance and benefit costs were paid. Asset impairments relate primarily to the disposal or abandonment of certain hardware and software applications, resulting from the alignment of our mailing business on a global basis and ERP initiatives. Other exit costs relate primarily to lease termination costs, non-cancelable lease payments, other costs associated with business activities that have been exited and the consolidation of excess facilities.

Accrued restructuring charges at March 31, 2002 consist of the following:

(Dollars in millions)

	Total restructuring charges	2001 cash payments	Non-cash charges	Ending balance at December 31, 2001	2002 cash payments	Ending balance at March 31, 2002
Severance and benefit costs	$ 76.2	$ 34.5	$ -	$ 41.7	$ 14.2	$ 27.5
Asset impairments	45.5	-	45.5	-	-	-
Other exit costs	27.6	14.5	-	13.1	1.1	12.0
	$ 149.3	$ 49.0	$ 45.5	$ 54.8	$ 15.3	$ 39.5

We expect that the majority of the remaining cash outflows related to restructuring charges will take place over the next six months, funded primarily by cash provided by operating activities. The restructuring charges are expected to increase our operating efficiency and effectiveness in 2002 and beyond while enhancing growth, primarily as a result of reduced personnel-related expenses. We expect pretax savings in operating expenses of approximately $50 million for the year ending December 31, 2002.

We operate in very competitive industries and we are continually evaluating our cost structure. Economic or competitive events in the future may necessitate that the company formulate additional plans to reduce our existing cost structure.

Meter Transition

In 2001, we adopted a formal plan to transition to the next generation of networked mailing technology. The information capture and exchange made possible by advanced technology, turns the postage meter into an "intelligent" terminal that networks the mailer to postal and carrier information and systems. This two-way information architecture, in turn, enables convenient access to and delivery of value-added services such as tracking, delivery confirmation and rate information. The adoption of this plan was facilitated by our expanded access to technology and our ability to move to networked products combined with our expectations that the U.S. and postal services around the world will continue to encourage the migration of mailing systems to networked digital technologies. As a result of this plan, certain electronic meter rental assets and related equipment will not be placed back in service. In addition, certain leased equipment will either not be remarketed or will result in lower realization at end of lease as a result of the introduction of new technology. In connection with this plan, we recorded non-cash pretax charges of $268.3 million for the year ended December 31, 2001, related to assets associated with our non-networked mailing technology. In November 2001, postal regulations were issued, consistent with our meter transition plan, defining the meter migration process and timing.

Acquisitions

In October 2001, we acquired Secap, a company based in France, for approximately Euros 220 million ($206 million) in cash. Secap offers a range of mail processing and paper handling equipment, supplies and technology for low- to mid-volume mailers. Secap holds more than 30% of the postage meter market share in France.

In June 2001, we acquired DSI from Danka Business Systems PLC for $290 million in cash. DSI provides on- and off-site document management services, including the management of central reprographic departments, the placement and maintenance of photocopiers, print-on-demand operations and document archiving and retrieval services.

In June 2001, we acquired the MMT business in Europe, Africa, the Middle East and Asia, for $51 million in cash. MMT markets and services high-end mail processing, sorting and service-related products through a network of distributors and direct operations.

We accounted for the acquisitions of Secap, DSI and MMT under the purchase method and accordingly, the operating results of these acquisitions have been included in our consolidated financial statements since the date of acquisition. The acquisitions of Secap, DSI and MMT did not materially impact income from continuing operations for the first quarter of 2002.

Liquidity and Capital Resources

Our ratio of current assets to current liabilities declined to .81 to 1 at March 31, 2002 compared with .83 to 1 at December 31, 2001. The decrease in this ratio was primarily due to the reclassification of long-term debt to short-term.

Our cash and cash equivalents increased to $264.3 million at March 31, 2002, from $231.6 million at December 31, 2001. The increase resulted primarily from $208.8 million provided by operating activities, offset in part by $21.7 million and $153.7 million used in investing and financing activities, respectively. Net cash of $208.8 million provided by operating activities consisted primarily of net income adjusted for non cash items and changes in working capital. Net cash of $21.7 million used in investing activities consisted primarily of investments in fixed assets and leveraged leases, partially offset by cash generated from investments in capital services. Net cash of $153.7 million used in financing activities consisted primarily of stock repurchases and dividends paid to stockholders.

Excluding special items and discontinued operations in 2001, the ratio of earnings before interest and taxes (EBIT) to interest was 5.2x and 4.8x and the ratio of earnings before interest, taxes, depreciation and amortization (EBITDA) to interest was 6.6x and 6.0x for the quarters ended March 31, 2002 and 2001, respectively. The ratio of total debt to total debt and stockholders' equity was 79.7% at March 31, 2002 and December 31, 2001. Including the preferred stockholders' equity in a subsidiary company as debt, the ratio of total debt to total debt and stockholders' equity was 81.0% at March 31, 2002 and December 31, 2001. During the first quarter of 2002, we repurchased 1.7 million shares for $72.3 million. Excluding the cash flow impacts of special items, free cash flow was $189 million in the first quarter of 2002.

Financings and Capitalization

In October 2001, the company filed a shelf registration statement with the SEC permitting issuances of up to $2 billion in debt securities, preferred stock and depositary shares. Pursuant to this registration statement, on February 20, 2002, the company completed an offering of Euros 250 million of senior unsecured notes. These notes bear interest at a floating rate of EURIBOR plus 20 basis points, set two Euro business days preceding the quarterly interest payment dates and mature in August 2003. The notes are listed on the Luxembourg Stock Exchange and have been designated as a hedge of Euro denominated assets held by the company. The proceeds from these notes were used for general corporate purposes which may include repaying commercial paper, financing acquisitions and the repurchase of company stock. On March 31, 2002, $1.8 billion remained available under this registration statement.

Pitney Bowes Credit Corporation (PBCC) has $75 million of unissued debt securities available at March 31, 2002 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.

We believe that our 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.

Capital Investments

In the first quarter of 2002, net investments in fixed assets included $34.3 million in net additions to property, plant and equipment and $6.2 million in net additions to rental equipment and related inventories compared with $31.5 million and $25.2 million, respectively, in the same period in 2001. These additions include expenditures for normal plant and manufacturing equipment. In the case of rental equipment, the additions included the production of postage meters. In 2001, additions to rental assets also included the purchase of facsimile and copier equipment related to the discontinued operations of IGI. Excluding IGI, net additions to property, plant and equipment and rental equipment were $31.0 million and $9.5 million respectively, for the first quarter of 2001.

We expect net investments in fixed assets for the remainder of 2002, relating to continuing operations, to be slightly higher than the prior year. These investments will also be impacted by the timing of our customers' transition to digital meters. At March 31, 2002, commitments for the acquisition of property, plant and equipment reflected plant and manufacturing equipment improvements as well as rental equipment for new and replacement programs.

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 were no longer permitted.

- The current users of manually reset electronic meters could continue to use these meters for the term of their rental and lease agreements. Leases or rentals due to expire in 2000 could be extended to December 31, 2001.

On November 15, 2001, the USPS issued a final rule as follows:

- New placements of non-digital meters without the "timeout" feature that enables the meters to be automatically disabled, if not reset within a specified time period are no longer permitted after December 31, 2002. These meters must be off the market by December 31, 2006.

- New placements of non-digital meters with a "timeout" feature are no longer permitted after June 2004. These meters must be off the market by December 31, 2008.

We adopted a formal meter transition plan in the second quarter of 2001, to transition to the next generation of networked mailing technology.

USPS Information Based Indicia Program (IBIP)

In May 1995, the USPS publicly announced its concept of its 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: (i) the Indicium specification; (ii) a Postal Security Device specification; (iii) a Host specification; and (iv) a Vendor Infrastructure specification. During the period from May 1995 through March 31, 2002, we submitted extensive comments to a series of proposed IBIP specifications issued by the USPS, including comments on the IBI Performance Criteria.

Other regulatory matters

In June 1999, we were 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 have been reviewing the company's efforts to protect its intellectual property rights. We believed we have complied fully with the antitrust laws and cooperated fully with the department's investigation. In February 2002, the Justice Department advised us that it has decided to close this investigation with no further action.

Forward-Looking Statements

We want 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 international or national political or economic conditions
- 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
- timing and execution of the restructuring plan
- regulatory approvals and satisfaction of other conditions to consummation of any acquisitions
- impact on mail volume resulting from current concerns over the use of the mail for transmitting harmful biological agents.

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
(12)	Computation of ratio of earnings to fixed charges

(b) Reports on Form 8-K

On January 31, 2002, the company filed a current report on Form 8-K pursuant to Item 5 thereof, reporting the Press Release dated January 29, 2002 for the quarter and year ended December 31, 2001.

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 10, 2002

/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)	Amendments to Rights Agreement
(12)	Computation of ratio of earnings to fixed charges

Exhibit (10)

AMENDMENTS TO RIGHTS AGREEMENT

1. General Background. In accordance with Section 27 of the Rights Agreement between First Chicago Trust Company (as successor to Chemical Mellon Shareholder Services, LLC) (the "Rights Agent") and Pitney Bowes Inc. dated December 11, 1995 (the "Agreement"), the Rights Agent and Pitney Bowes Inc. desire to amend the Agreement.

2. Effectiveness. This Amendment shall be effective as of April 8, 2002 (the "Amendment") and all defined terms and definitions in the Agreement shall be the same in the Amendment except as specifically revised by the Amendment.

3. Revision. Section 21 of the Agreement entitled "Change of Rights Agent" is hereby deleted in its entirety and replaced with the following:

   Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Shares or Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent, as the case may be, upon 30 days' notice in writing, mailed to the Rights Agent or Successor Rights Agent, as the case may be, and to each transfer agent of the Common Shares or Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of Right Certificate (who shall, with such notice, submit such holder's Right Certificate for inspection by the Company), then the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation or trust company organized and doing business under the laws of the United States, or of any state of the United States, in good standing, which is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and which has individually or combined with an affiliate at the time of its appointment as Rights Agent a combined capital and surplus of at least $25 million. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares or Preferred Shares, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

4. The legend specified in Section 3(c) of the Rights Agreement is hereby amended by substituting EquiServe Trust Company, N.A., as the successor Rights Agent to the Rights Agreement in place of First Chicago Trust Company of New York.

5. Except as amended hereby, the Agreement and all schedules or exhibits thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed in their names and on their behalf by and through their duly authorized officers, as of this 11th day of April, 2002.

Pitney Bowes Inc.	First Chicago Trust Company
/s/Amy C. Corn	/s/Michael J. Foley
By: Amy C. Corn	By: Michael J. Foley
Title: Vice President and Corporate Secretary	Title: Chief Marketing Officer

Exhibit (12)

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

(Dollars in thousands)

	Three Months Ended March 31, 2002	2001(2)
Income before income taxes	$ 188,536	$ 148,899
Add:		
Interest expense	48,391	52,788
Portion of rents representative of the interest factor	10,279	10,266
Amortization of capitalized interest	243	243
Minority interest in the income of subsidiary with fixed charges	1,238	3,361
Income as adjusted	$ 248,687	$ 215,557
Fixed charges:		

Interest expense	$ 48,391	$ 52,788
Portion of rents representative of the interest factor	10,279	10,266
Minority interest, excluding taxes, in the income of subsidiary with fixed charges	1,802	4,815
Total fixed charges	$ 60,472	$ 67,869
Ratio of earnings to fixed charges	4.11	3.18
Ratio of earnings to fixed charges excluding minority interest	4.22	3.37

<FN>

(1) The computation of the ratio of earnings to fixed charges has been computed by dividing income 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 IGI 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 for the three months ended March 31, 2001. The ratio of earnings to fixed charges excluding minority interest would be 3.26 for the three months ended March 31, 2001.

</FN>