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

FORM 10 - 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, 1997

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 March 31, 1997 is 145,753,938.

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 March 31, 1997	1996
Revenue from:		
Sales	$ 417,822	$ 384,004
Rentals and financing	424,562	409,078
Support services	118,986	113,183
Total revenue	961,370	906,265
Costs and expenses:		
Cost of sales	253,808	238,764
Cost of rentals and financing	127,674	125,752
Selling, service and administrative	326,109	311,016
Research and development	20,648	18,710
Interest, net	49,496	48,584
Total costs and expenses	777,735	742,826
Income before income taxes	183,635	163,439
Provision for income taxes	63,690	56,930
Net income	$ 119,945	$ 106,509
Income per common and common equivalent share:		
Net income	$ .81	$ .70
Average common and common equivalents shares outstanding	148,975,517	151,416,081
Dividends declared per share of common stock	$ .40	$ .345
Ratio of earnings to fixed charges	3.83	3.56
Ratio of earnings to fixed charges excluding minority interest	3.92	3.65

Pitney Bowes Inc.

Consolidated Balance Sheet
(Unaudited)

(Dollars in thousands)	March 31, 1997	December 31, 1996
Assets		
Current assets:		
Cash and cash equivalents	$ 142,718	$ 135,271
Short-term investments, at cost which approximates market	12,336	1,500
Accounts receivable, less allowances: 3/97, $15,952; 12/96, $16,160	326,709	340,730
Finance receivables, less allowances: 3/97, $42,597; 12/96, $40,176	1,402,870	1,339,286
Inventories (Note 2)	263,947	281,942
Other current assets and prepayments	135,244	123,337
Total current assets	2,283,824	2,222,066
Property, plant and equipment, net (Note 3)	482,703	486,029
Rental equipment and related inventories, net (Note 3)	809,752	815,306
Property leased under capital leases, net (Note 3)	5,037	5,848
Long-term finance receivables, less allowances: 3/97, $73,910; 12/96, $73,561	3,396,834	3,450,231
Investment in leveraged leases	640,113	633,682
Goodwill, net of amortization: 3/97, $36,001; 12/96, $34,372	204,188	205,802
Other assets	362,343	336,758
Total assets	$8,184,794	$8,155,722
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 850,954	$ 849,789
Income taxes payable	182,599	212,155
Notes payable and current portion of long-term obligations	1,986,193	1,911,481
Advance billings	343,369	331,864
Total current liabilities	3,363,115	3,305,289
Deferred taxes on income	800,653	720,840
Long-term debt	1,299,155	1,300,434
Other noncurrent liabilities	385,358	389,113
Total liabilities	5,848,281	5,716,676
Preferred stockholders' equity in a subsidiary company	200,000	200,000
Stockholders' equity:		
Cumulative preferred stock, $50 par value, 4% convertible	46	46
Cumulative preference stock, no par value, $2.12 convertible	2,329	2,369
Common stock, $2 par value	323,338	323,338
Capital in excess of par value	29,504	30,260
Retained earnings	2,511,055	2,450,294
Cumulative translation adjustments	(54,088)	(31,297)
Treasury stock, at cost	(675,671)	(535,964)
Total stockholders' equity	2,136,513	2,239,046
Total liabilities and stockholders' equity	$ 8,184,794	$ 8,155,722

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

(Dollars in thousands)	Three Months Ended March 31, 1997	1996
Cash flows from operating activities:		
Net income	$ 119,945	$ 106,509
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	73,905	65,524
Net change in the strategic focus initiative	-	(6,421)
Increase(decrease) in deferred taxes on income	80,599	(3,316)
Change in assets and liabilities:		
Accounts receivable	12,222	5,908
Sales-type lease receivables	(23,640)	(3,575)
Inventories	15,447	7,151
Other current assets and prepayments	(12,243)	(29,588)
Accounts payable and accrued liabilities	3,844	(42,374)
Income taxes payable	(29,099)	31,885
Advance billings	12,549	11,518
Other, net	(53,913)	(28,902)
Net cash provided by operating activities	199,616	114,319
Cash flows from investing activities:		
Short-term investments	(3,516)	1,041
Net investment in fixed assets	(60,251)	(69,763)
Net investment in direct-finance lease receivables	5,400	52,931
Investment in leveraged leases	(8,219)	(14,021)
Net cash used in investing activities	(66,586)	(29,812)
Cash flows from financing activities:		
Increase(decrease) in notes payable	280,101	(9,268)
Principal payments on long-term obligations	(204,507)	(1,809)
Proceeds from issuance of stock	5,004	6,298
Stock repurchases	(145,507)	(24,500)
Dividends paid	(59,184)	(51,855)
Net cash used in financing activities	(124,093)	(81,134)
Effect of exchange rate changes on cash	(1,490)	(214)
Increase in cash and cash equivalents	7,447	3,159
Cash and cash equivalents at beginning of period	135,271	85,352
Cash and cash equivalents at end of period	$ 142,718	$ 88,511
Interest paid	$ 49,766	$ 53,894
Income taxes paid	$ 15,609	$ 26,477

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 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 March 31, 1997 and the results of its operations and cash flows for the three months ended March 31, 1997 and 1996 have been included. Operating results for the three months ended March 31, 1997 are not necessarily indicative of the results that may be expected for the year ending December 31, 1997. 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, 1996.

Note 2:

Inventories are comprised of the following:

(Dollars in thousands)	March 31, 1997	December 31, 1996
Raw materials and work in process	$ 54,674	$ 58,536
Supplies and service parts	94,683	103,182
Finished products	114,590	120,224
Total	$ 263,947	$ 281,942

Note 3:

Fixed assets are comprised of the following:

(Dollars in thousands)	March 31, 1997	December 31, 1996
Property, plant and equipment	$1,102,196	$1,093,501
Accumulated depreciation	(619,493)	(607,472)
Property, plant and equipment, net	$ 482,703	$ 486,029
Rental equipment and related inventories	$1,649,075	$1,634,111
Accumulated depreciation	(839,323)	(818,805)
Rental equipment and related inventories, net	$ 809,752	$ 815,306
Property leased under capital leases	$ 21,435	$ 24,124
Accumulated amortization	(16,398)	(18,276)
Property leased under capital leases, net	$ 5,037	$ 5,848

Note 4:

Revenue and operating profit by business segment for the three months ended March 31, 1997 and 1996 were as follows:

(Dollars in thousands)	1997	1996
Revenue		
Business Equipment	$ 745,120	$ 700,937
Business Services	128,990	111,890
Commercial and Industrial Financing		
Large-Ticket External	49,551	54,423
Small-Ticket External	37,709	39,015
Total	87,260	93,438
Total Revenue	$ 961,370	$ 906,265
Operating Profit (1)		
Business Equipment	$ 169,411	$ 150,686
Business Services	10,488	8,839
Commercial and Industrial Financing	16,511	18,327
Total Operating Profit	$ 196,410	$ 177,852

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

Note 5:

In June 1996, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 125 "Accounting for Transactions and Servicing of Financial Assets and Extinguishments of Liabilities" (FAS 125) for transfers and servicing of financial assets and extinguishments of liabilities occurring after December 31, 1996. In December 1996, the FASB issued Statement of Accounting Standards No. 127, "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125". The company adopted FAS 125 on January 1, 1997. As of March 31, 1997 there was no material impact on the financial statements of the company due to the adoption of this statement.

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

Results of Continuing Operations - first quarter of 1997 vs. first quarter of 1996

Revenue increased six percent in the first quarter of 1997 to $961.4 million compared to $906.3 million in the first quarter of 1996. Net income increased 13 percent to $119.9 million from $106.5 million in the same period in 1996. Per share earnings grew to 81 cents, a 14.5 percent increase from first quarter 1996. Revenue growth was eight percent excluding revenue from large ticket external financing and prior-year revenue from businesses in Australia, from which the company made the strategic decision to exit in 1996.

First quarter 1997 revenue included $417.8 million from sales, up nine percent from $384.0 million in the first quarter of 1996; $424.6 million from rentals and financing, up four percent from $409.1 million; and $119.0 million for support services, up five percent from $113.2 million.

To facilitate a better understanding, the following discussion on revenue and operating profit is based on the company's business segments. Revenue for each segment includes all sources - sales, rentals and financing, and support services.

In the Business Equipment Segment, which includes mailing, facsimile and copier operations, revenue grew six percent and operating profit increased 12 percent during the first quarter. Mailing Systems' six percent revenue increase during the quarter was driven by strong equipment sales in the U.S. Mailing and Production Mail markets. The company continues to see strong market acceptance of products such as the Personal Post Office meter. The company also continues to see excellent growth in Europe in Paragon(r) mail processor and PostPerfect(r) digital meter placements. Growth in revenue for the quarter has been partially offset by last year's strategic decision to exit non-profitable businesses in Australia.

Revenue from Facsimile Systems grew 10 percent in first quarter 1997 driven by customer acceptance of its advanced money-saving systems, such as the Model 9830, and increased revenue from consumable supplies.

Copier Systems revenue increased seven percent in the first quarter driven by solid equipment sales. This sales increase was notable because it was generated while six new products were introduced and the phased rollout of the color and digital copier systems continued. Copier Systems also strengthened its ability to profitably grow by strategically broadening its distribution network in selected geographic areas.

In the Business Services Segment first-quarter revenue grew 15 percent and operating profit grew 19 percent. The segment includes Pitney Bowes Management Services and Atlantic Mortgage and Investment Corporation. These service businesses have maintained profitable double-digit growth by bringing Pitney Bowes innovation and expertise to key market segments.

In line with management's previously announced strategy to concentrate on fee-based rather than asset-based income, the Commercial and Industrial Financing Segment had a decline in revenue and operating profit of seven percent and 10 percent, respectively. The segment includes large-ticket and small-ticket external financing. The large-ticket external financing revenue declined nine percent and the small-ticket revenue declined three percent in the first quarter. The segment continued to benefit from growth in service-based revenue sources such as syndication fees. The overall reduction in revenue and operating profit was driven by previous asset sales resulting in the planned decrease in runoff income from both portfolios.

The ratio of cost of sales to sales revenue decreased from 62.2 percent in first quarter 1996 to 60.7 percent in 1997. The improvement was due to the product mix at U.S. Mailing towards higher-margin products and exiting from non-profitable businesses in Australia. The improvement was offset, in part, by the continued growth of the facilities management business which includes most of its expenses in cost of sales.

The ratio of cost of rentals and financing to rentals and financing revenue improved to 30.1 percent from 30.7 percent. Margin gains in the company's mortgage servicing business and in U.S. Mailing contributed to this improvement.

Selling, service and administrative expenses as a percentage of revenue improved to 33.9 percent in 1997 from 34.3 percent in the same period in 1996, continuing the improving trend in this ratio. Exiting from non-profitable businesses in Australia and efforts to control operating expenditures contributed to this improvement.

Research and development expenses increased 10 percent to $20.6 million. The current year increase reflects the company's increased investment in developing new digital meters and other mailing and software products.

Net interest expense increased just under two percent to $49.5 million principally as a result of a change in mix of debt maturities and related interest rates.

The effective tax rate in 1997 was 34.7 percent versus 34.8 percent in 1996.

Liquidity and Capital Resources

The current ratio remained essentially unchanged at March 31, 1997 and December 31, 1996 at .68 to 1 and .67 to 1, respectively. Working capital at March 31, 1997 and December 31, 1996 remained at comparable levels.

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 March 31, 1997. The company also has an additional $300 million remaining on its non-financial services shelf registrations filed with the Securities and Exchange Commission (SEC). Amounts available under credit agreements, shelf registrations and commercial paper and medium-term note programs, in addition to cash generated internally are expected to be sufficient to provide for financing needs in the next several years.

Pitney Bowes Credit Corporation (PBCC) has $250 million of unissued debt securities available from a shelf registration statement filed with the SEC in September 1995. Up to $250 million of medium-term notes may be offered under this registration statement. The $250 million available under this shelf registration statement should meet PBCC's financing needs for the next year. PBCC also had unused lines of credit and revolving credit facilities totaling $1.5 billion at March 31, 1997, largely supporting its commercial paper borrowings.

The ratio of total debt to total debt and stockholders' equity including the preferred stockholders' equity in a subsidiary company in total debt was 62.1% at March 31, 1997 compared to 60.5% at December 31, 1996. Book value per common share was $14.64 at March 31, 1997 and $15.11 at year-end 1996 principally as a result of the repurchase of common shares. During the quarter ended March 31, 1997, the company repurchased 2,372,000 common shares for approximately $145.5 million. During the period April 28, 1997 to May 8, 1997 the company repurchased an additional 211,100 shares for approximately $13.6 million.

In April 1997, Pitney Bowes International Holding, Inc., a subsidiary of the company, issued an additional $100 million of variable term voting preferred stock to outside institutional investors in a private placement transaction. The preferred stock, $.01 par value, is entitled to cumulative dividends at rates set at auction, generally

for 49 day intervals. The proceeds of the issuance were used to pay down short-term borrowings.

The company enters into interest rate swap agreements principally through its financial services businesses. 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, 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 quarter of 1997, net investments in fixed assets included $18.9 million in net additions to property, plant and equipment and $36.8 million in net additions to rental equipment and related inventories compared with $21.7 million and $47.9 million, respectively, in the same period in 1996. In the case of rental equipment, the additions included the production of postage meters and the purchase of facsimile and copier equipment for both new placements and upgrade programs.

As of March 31, 1997, 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.

Regulatory Matters

In June 1995, the United States Postal Service (U.S.P.S.) issued final regulations on the manufacture, distribution and use of postage meters. The regulations cover four general categories: meter security, administrative controls, Computerized Meter Resetting Systems (C.M.R.S.) and other issues.

In general, the regulations put reporting and performance obligations on meter manufacturers, outline potential administrative sanctions for failure to meet these obligations and require changes in the fund management system of C.M.R.S. (such as the company's Postage by Phone (r) System) to give the U.S.P.S. more direct control over meter licensee deposits.

The company is working with the U.S.P.S. to ensure that these regulations provide mailing customers and the U.S.P.S. with the intended benefits, and that the company also benefits. The company continues to implement these changes, including modifying our Postage by Phone (r) system so that customers deposit prepayments of postage

into a U.S.P.S. account rather than a trust account. Resetting meters through Postage by Phone (r) still requires the customer to request an authorization and a reset code from the company, a service for which it charges a fee. The company continues to believe that the financial impact implementing these regulations will not be material to the company.

In May 1996, the U.S.P.S. issued a proposed schedule for the phase out of mechanical meters in the United States marketplace. The schedule proposed that:

- - as of June 1, 1996, placements of mechanical meters will be available only as replacements for existing licensed mechanical meters
- - as of March 1, 1997, mechanical meters may not be used by persons or firms who process mail for a fee (subsequently revised to March 31, 1997).
- - as of December 31, 1997, mechanical meters that interface with mail machines or processors will no longer be approved
- - as of March 1, 1999, all other mechanical meters (stand-alone meters) will no longer be approved.

The company has voluntarily halted new placements of mechanical meters in the United States as of June 1, 1996. The company also has been actively and voluntarily pursuing removal from the market by March 1997, of mechanical meters used by persons or firms who process mail for a fee as set forth in the U.S.P.S. proposed schedule for that segment of meter users. Further, the company agreed, in March 1997, to use its best efforts to remove from the market mechanical systems meters (meters that interface with mail machines or processors), by a revised target date of December 31, 1998, in lieu of the December 31, 1997 date specified in the U.S.P.S. proposed schedule.

The company continues to work with the U.S.P.S. to reach agreement on all aspects of a mechanical meter migration schedule that reflects the interests of its customers while minimizing any negative impact on the company. The company's constant focus on bringing new technologies into the mailing market has already resulted in a significant shift in the makeup of the company's meter base. As of March 31, 1997 electronic and digital meters represent 63% of the company's US installed base, up from 60 percent in December 1996. Until a mechanical meter migration plan is finalized, the financial impact, if any, on the company cannot be determined with certainty. However, based on the proposed schedule and agreements reached to date the company believes that the plan will not cause a material adverse financial impact on the company.

The May 1996 U.S.P.S. proposed document also discusses a change in metering technology that would include use of a digital, information-based indicia standard. This standard has not yet been developed, although initial specifications were proposed by the U.S.P.S. in July

1996. At some undetermined date in the future, the U.S.P.S. believes that digital metering will eventually replace electronic metering in the United States. The company supports a digital product migration strategy, and the company anticipates working with the U.S.P.S. to achieve a timely and effective substitution plan. However, until the U.S.P.S. finalizes standards for a digital information-based indicia program (and clarifies transition to the new standard), the impact of this proposal, if any, on the company cannot be determined. The company has taken the lead in deploying digital meters in the marketplace.

Forward-looking Statements

The company cautions readers that any forward-looking statements (those which talk about the company's or management's current expectations as to the future) in this Form 10-Q or made by company management involve risks and uncertainties which may change based on various important factors. Some of the factors which could cause future financial performance to differ materially from the expectations as expressed in any forward-looking statement made by or on behalf of the company include:

- - changes in postal regulations
- - timely development and acceptance of new products
- - success in gaining product approval in new markets where regulatory approval is required
- - successful entry into new markets
- - mailer's utilization of alternative means of communication or competitor's products
- - the company's success at managing customer credit risk

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

Reg. S-K Exhibits	Status or Description	Incorporation by Reference
(10)	Pitney Bowes Inc. Deferred Incentive Savings Plan for the Board of Directors	See Exhibit (i)
(11)	Computation of earnings per share.	See Exhibit (ii)
(12)	Computation of ratio of earnings to fixed charges.	See Exhibit (iii)
(27)	Financial Data Schedule	See Exhibit (iv)

(b) Reports on Form 8-K

No reports on Form 8-K wre filed for the three months ended March 31, 1997.

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 15, 1997

/s/ M. L. Reichenstein
M. L. Reichenstein
Vice President - Chief Financial Officer
(Principal Financial Officer)

/s/ A. F. Henock
A. F. Henock
Vice President - Controller
and Chief Tax Counsel
(Principal Accounting Officer)

Pitney Bowes Inc. - Form 10-Q
Three Months Ended March 31, 1997

Exhibit (ii)

Pitney Bowes Inc.
Computation of Earnings per Share

(Dollars in thousands, except per share data)	Three Months Ended March 31, 1997	1996
Primary		
Net income applicable to common stock(1)	$ 119,945	$ 106,509
Weighted average number of common shares	147,315,165	149,876,325
Preference stock, $2.12 cumulative convertible	694,392	746,408
Stock option and purchase plans	965,960	793,348
Total common and common shares equivalent outstanding	148,975,517	151,416,081
Income per common and common equivalent share - primary:		
Net income	$ .81	$ .70
Fully Diluted		
Net income applicable to common stock	$ 119,945	$ 106,509
Weighted average number of common shares outstanding	147,315,165	149,876,325
Preference stock, $2.12 cumulative convertible convertible	694,392	746,408
Stock option and purchase plans	999,253	799,305
Preferred stock, 4% cumulative convertible	11,187	11,490
Total common and common shares equivalent outstanding	149,019,997	151,433,528
Income per common and common share equivalent - fully diluted:		
Net income	$ .80	$ .70

[FN]
(1) Net income applicable to common stock was adjusted for preferred dividends.

Exhibit (iii)

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

(Dollars in thousands)

	Three Months Ended March 31, 1997	1996
Income from continuing operations before income taxes	$ 183,635	$ 163,439
Add:		
Interest expense	51,905	49,912
Portion of rents representative of the interest factor	11,129	11,061
Amortization of capitalized interest	243	228
Minority interest in the income of subsidiary with fixed charges	1,966	2,119
Income as adjusted	$ 248,878	$ 226,759
Fixed charges:		
Interest expense	$ 51,905	$ 49,912
Capitalized interest	-	602
Portion of rents representative of the interest factor	11,129	11,061
Minority interest in the income of subsidiary with fixed charges	1,966	2,119
	$ 65,000	$ 63,694
Ratio of earnings to fixed charges	3.83	3.56
Ratio of earings to fixed charges excluding minority interest	3.92	3.65

<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.

<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.
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Exhibit (i)

PITNEY BOWES INC.
DEFERRED INCENTIVE SAVINGS PLAN

FOR THE BOARD OF DIRECTORS

Effective as of April 1, 1997

PITNEY BOWES INC.
DEFERRED INCENTIVE SAVINGS PLAN
FOR THE BOARD OF DIRECTORS

ARTICLE 1

Purpose and Effective Date

The purpose of the Pitney Bowes Inc. Deferred Incentive Savings Plan for the Board of Directors (hereinafter referred to as the "Plan") is to aid Pitney Bowes Inc. in retaining and attracting capable outside directors by providing them with savings and tax deferral opportunities. The Plan shall be effective for deferral elections made hereunder on or after April 1, 1997.

ARTICLE 2

Definitions

For the purposes of this Plan, the following words and phrases shall have the meanings indicated, unless the context clearly indicates otherwise:

Section 2.01. Beneficiary. "Beneficiary" means the person, persons or entity designated by the Participant to receive any benefits payable under the Plan pursuant to Article VIII.

Section 2.02. Board. "Board" means the Board of Directors of Pitney Bowes Inc.

Section 2.03. Change of Control. For purposes of this Plan, a "Change of Control" shall be deemed to have occurred if:

(i) there is an acquisition, in any one transaction or a series of transactions, other than from Pitney Bowes Inc., by any individual, entity or group (within the meaning of Section 1 3(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (within the meaning of Rule 13(d)(3) promulgated under the Exchange Act) of 20% or more of either the then outstanding shares of Common Stock or the combined voting power of the then outstanding voting securities of Pitney Bowes Inc. entitled to vote generally in the election of directors, but excluding, for this purpose, any such acquisition by Pitney Bowes Inc. or any of its subsidiaries, or any employee benefit plan (or related trust) of Pitney Bowes Inc. or its subsidiaries, or any corporation with respect to which, following such acquisition, more than 50% of the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by the individuals and entities who were the beneficial owners, respectively, of the common stock and voting securities of Pitney Bowes Inc. immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the then outstanding shares of Common Stock or the combined voting power of the then outstanding voting securities of Pitney Bowes Inc. entitled to vote generally in the election of directors, as the case may be; or

(ii) individuals who, as of January 1, 1997, constitute the Board (as of such date, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to such date, whose election, or nomination for election by Pitney Bowes' shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of Pitney Bowes Inc. (as such terms are used in Rule 14(a)(11) or Regulation 14A promulgated under the Exchange Act); or

(iii) there occurs either (A) the consummation of a reorganization, merger or consolidation, in each case, with respect to which the individuals and entities who were the respective beneficial owners of the common stock and voting securities of Pitney Bowes Inc. immediately prior to such reorganization, merger or consolidation do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation, or (B) an approval by the shareholders of Pitney Bowes Inc. of a complete liquidation of dissolution of Pitney Bowes Inc. or of the sale or other disposition of all or substantially all of the assets of Pitney Bowes Inc. Section 2.04. Committee. "Committee" means the Nominating and Organization Affairs Committee of the Board of Directors. Any action authorized hereunder to be taken by the Committee is also authorized to be taken by the Board.

Section 2.05. Common Stock. "Common Stock" means the common stock of Pitney Bowes Inc.

Section 2.06. Company. "Company" means Pitney Bowes Inc., its successors, and any organization into which or with which Pitney Bowes Inc. may merge or consolidate or to which all or substantially all of its assets may be transferred.

Section 2.07. Deferral Account. "Deferral Account" means the account maintained on the books of the Committee for each Participant pursuant to Article 6.

Section 2.08. Deferral Period. "Deferral Period" is defined in Section 4.02.

Section 2.09. Deferred Amount. "Deferred Amount" is defined in Section 4.02.

Section 2.10. Eligible Compensation. "Eligible Compensation" means any cash compensation payable by the Company to a Participant for service on the Board or any Committee thereof.

Section 2.11. Fair Market Value. "Fair Market Value" of a share of Common Stock means the closing price of the Common Stock on the New York Stock Exchange on the most recent day on which the Common Stock was so traded that precedes the date as of which Fair Market Value is to be determined.

Section 2.12. Option. "Option" means an option to acquire shares of Common Stock granted pursuant to the Directors' Stock Plan or any successor thereto.

Section 2.13. Participant. "Participant" means any director who is eligible to participate in this Plan and who elects to participate by filing a Participation Agreement as provided in Article 4.

Section 2.14. Participation Agreement. "Participation Agreement" means an agreement filed by a Participant in accordance with Article 4.

Section 2.15. Plan Year. "Plan Year" means a twelve-month period beginning January 1 and ending the following December 31; provided, however that the first Plan Year shall consist of the period from April 1, 1997 through December 31, 1997.

Section 2.16. Termination of Service. "Termination of Service" means the cessation of a Participant's services as a director of the Company.

Section 2.17. Treasury Rate of Return. "Treasury Rate of Return" means a rate of return equal to (i) the annualized rate payable on United States Treasury Notes with a five-year maturity, plus (ii) 100 basis points. Such Treasury Rate of Return shall be determined for each month of the Deferral Period based on the monthly 5 year Treasury rates appearing in the Wall Street Journal, plus 100 basis points and such earnings shall be compounded monthly.

Section 2.18. Valuation Date. Valuation Date" means the last day of each calendar month or such other date as the Committee in its sole discretion may determine.

ARTICLE 3

Administration

Section 3.01. Committee. (a) This Plan shall be administered by the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business. All resolutions or other action taken by the Committee shall be by a vote of a majority of its members present at any meeting or, without a meeting, by an instrument in writing signed by all its members. Members of the Committee may participate in a meeting of such committee by means of a conference telephone or similar communications equipment that enables all persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

The Committee shall be responsible for the administration of this Plan and shall have all powers necessary to administer this Plan, including discretionary authority to determine eligibility for benefits and to decide claims under the terms of this Plan. The Committee may from time to time establish rules for the administration of this Plan, and it shall have the exclusive right to interpret this Plan and to decide any matters arising in connection with the administration and operation of this Plan. All rules, interpretations and decisions of the Committee shall be conclusive and binding on the Company, Participants and Beneficiaries.

The Committee may delegate responsibility for performing certain administrative and ministerial functions under this Plan, including without limitation, issues related to eligibility, investment choices, distribution of Deferred Amounts, determination of account balances, crediting of hypothetical earnings and of Deferred Amounts and debiting of hypothetical losses and of distributions, in-service withdrawals, deferral elections and any other duties concerning the day-to-day operation of this Plan.

No member of the Board nor any member of the Committee shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated or for anything done or omitted to be done in connection with this Plan. The Committee shall keep records of all of its proceedings and shall keep records of all payments made to Participants or Beneficiaries and payments made for expenses or otherwise. The Company shall, to the fullest extent permitted by law, indemnify each director, officer or employee of the Company (including the heirs, executors, administrators and other personal representatives of such person) and each member of the Committee against expenses (including attorneys' fees), judgments, fines, amounts paid in settlement, actually and reasonably incurred by such person in connection with any threatened, pending or actual suit, action or proceeding (whether civil, criminal,

administrative or investigative in nature or otherwise) in which such person may be involved by reason of the fact that he or she is or was serving this Plan in any capacity at the request of the Company.

Any expense incurred by the Company or the Committee relative to the administration of this Plan shall be paid by the Company.

ARTICLE 4

Participation

Section 4.01. Participation. Participation in the Plan shall be limited to members of the Board who (i) are not employees of the Company or meet such eligibility criteria as the Committee shall establish from time to time, and (ii) elect to participate in this Plan by filing a Participation Agreement with the Committee. A Participation Agreement must be filed prior to the beginning of the Plan Year with respect to services in which the Eligible Compensation relates.

Section 4.02. Participation Agreement. Subject to Article 7, each Participation Agreement shall set forth: (i) the amount of Eligible Compensation for the Plan Year to which the Participation Agreement relates that is to be deferred under the Plan (the "Deferred Amount"), expressed as either a dollar amount or a percentage of the total Eligible Compensation for such Plan Year; provided, that the minimum Deferred Amount for any Plan Year shall not be less than $2,000; (ii) the period after which payment of the Deferred Amount is to be made or begin to be made (the "Deferral Period"), expressed as (A) a number of full years, not less than three, following the end of the Plan Year to which the Participation Agreement relates, or (B) the period ending upon the Termination of Service of the Participant, or (C) a period ending upon the earlier or later of (A) or (B); and (iii) the form in which payments are to be made, which may be a lump sum or in equal annual installments of five, ten or fifteen years.

Section 4.03. Changes to Participation Agreement. A Participation Agreement may not be amended or revoked after December 31st of the Plan Year in which it is made, except that the Deferral Period maybe extended and the form of payment may be altered if an amended Participation Agreement is filed with the Committee at least one full calendar year before the Deferral Period (as in effect before such amendment) ends; provided, that only one such amended Participation Agreement may be filed with respect to each Participation Agreement. Upon a Participant's Termination of Service, the most recent Participation Agreement received by the Committee prior to Termination of Service shall supersede all previous Participation Agreements on file with regard to Termination of Service elections and the entire amount in the Participant's Deferral Account shall be distributed at Termination of Service in accordance with such elections.

ARTICLE 5

Deferred Incentive Compensation

Section 5.01. Elective Deferred Incentive Compensation. Except as provided in Section 6.02(c), the Deferred Amount of a Participant with respect to each Plan Year of participation in the Plan shall be credited by the Committee to the Participant's Deferral Account as and when such Deferred Amount would otherwise have been paid to the Participant. To the extent that the Company is required to withhold any taxes or other amounts from the Deferred Amount pursuant to any state, Federal or local law, such amounts shall first be taken out of compensation to the Participant that is not deferred under this Plan, if any.

Section 5.02. Vesting of Deferral Account. Except as provided in Section 7.04, a Participant shall be 100% vested in his/her Deferral Account at all times.

ARTICLE 6

Maintenance and Investment of Accounts

Section 6.01. Maintenance of Accounts. Separate Deferral Accounts shall be maintained for each

Participant. More than one Deferral Account may be maintained for a Participant as necessary to reflect (a) various investment choices and/or (b) separate Participation Agreements specifying different Deferral Periods and/or forms of payment. A Participant's Deferral Account(s) shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Participant pursuant to this Plan, and shall not constitute or be treated as a trust fund of any kind. The Committee shall determine the balance of each Deferral Account, as of each Valuation Date, by adjusting the balance of such Deferral Account as of the immediately preceding Valuation Date to reflect changes in the value of the deemed investments thereof, credits and debits pursuant to Section 5.01 and Section 6.02 and distributions pursuant to Article 7 with respect to such Deferral Account since the preceding Valuation Date Investment Choices.

Section 6.02. Investment Choices. (a) Each Participant shall be entitled to direct the manner in which his/her Deferral Accounts will be deemed to be invested, selecting among the investment choices specified in Appendix A hereto, as amended by the Committee from time to time, and in accordance with such rules, regulations and procedures as the Committee may establish from time to time.

b(i) The investment choices available for Deferral Accounts from time to time may include a "Phantom Share Fund." The Phantom Share Fund shall consist of deemed investments in shares of Common Stock. Deferred Amounts that are deemed to be invested in the Phantom Share Fund shall be converted into deemed shares based upon the Fair Market Value of the Common Stock on the date(s) the Deferred Amounts are to be credited to a Deferral Account. The

portion of any Deferral Account that is invested in the Phantom Share Fund shall be credited, as of each Valuation Date, with additional shares of Common Stock with respect to cash dividends paid on the Common Stock with record dates during the period beginning on the day after the most recent preceding Valuation Date and ending on such Valuation Date, as follows. The credit shall be for a number of additional deemed shares of Common Stock having a Fair Market Value, as of the payment date for a cash dividend, equal to the dollar amount of such cash dividend paid with respect to a number of actual shares of Common Stock equal to the number of deemed shares in such Deferral Account as of such Valuation Date minus the number of such deemed shares that were distributed to the Participant before such Valuation Date but after the most recent prior Valuation Date.

(ii) When a deemed reinvestment or a distribution of all or a portion of a Deferral Account that is invested in the Phantom Share Fund is to be made, the balance in such a Deferral Account shall be determined by reference to the Fair Market Value of the Common Stock on the most recent Valuation Date preceding the date of such reinvestment or distribution. Upon such a lump sum distribution, the amounts in the Phantom Share Fund shall be distributed in the form of cash having a value equal to the Fair Market Value of the deemed shares being distributed, actual shares of Common Stock, or a combination thereof, in accordance with the terms of the Pitney Bowes Inc. Directors' Stock Plan (the "Stock Plan").

(iii) In the event of a stock

dividend, split-up or combination of the Common Stock, merger, consolidation, reorganization, recapitalization, or other change in the corporate structure or capitalization affecting the Common Stock, such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, then the Committee may make appropriate adjustments to the number of deemed shares credited to any Deferral Account. The determination of the Committee as to such adjustments, if any, to be made shall be conclusive.

(iv) Notwithstanding any other provision of this Plan, the Committee may adopt such procedures as it may determine are desirable to ensure that, with respect to any Participant who is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, the crediting of deemed shares to, or the distribution of amounts from, his or her Deferral Account is not deemed to be a non-exempt purchase or sale for purposes of such Section 16(b).

(c) The Committee may authorize Options as an investment choice under the Plan. The terms and conditions under which Options may be made available as an investment choice shall be determined and communicated by the Committee to Participants from time to time.

Section 6.03. Statement of Accounts. The Committee shall submit to each Participant quarterly statements of his/her Deferral Account(s), in such form as the Committee deems desirable, setting forth the balance to the credit of such Participant in his/her Deferral Account(s) as of the end of the most recently completed quarter.

ARTICLE 7

Benefits

Section 7.01. Time and Form of Payment. At the end of the Deferral Period for each Deferral Account, the Company shall pay to the Participant the balance of such Deferral Account at the time or times elected by the Participant in the applicable Participation Agreement; provided that if the Participant has elected to receive payments from a Deferral Account in a lump sum, the Company shall pay the balance in such Deferral Account (determined as of the most recent Valuation Date preceding the end of the Deferral Period) in a lump sum in cash (plus any shares of Common Stock distributed in accordance with the Stock Plan in respect of any investment in the Phantom Share Fund) as soon as practicable after the end of the Deferral Period. If the Participant has elected to receive payments from a Deferral Account in installments, the Company shall make annual cash only payments from such Deferral Account, each of which shall consist of an amount equal to (i) the balance of such Deferral Account as of the most recent Valuation Date preceding the payment date times (ii) a fraction, the numerator of which is one and the denominator of which is the number of remaining installments (including the installment being paid). The first such installment shall be paid as soon as practicable after the end of the Deferral Period and each subsequent installment shall be paid on or about the anniversary of such first payment. Each such installment shall be deemed made on a pro rata basis from each of the different deemed investments of the Deferral Account (if there is more than one such deemed investment).

Section7.02. Termination of Service. If a Participant has elected to have the balance of his/her Deferral Account distributed upon Termination of Service, the account balance of the Participant (determined as of the most recent Valuation Date preceding such Termination of Service) shall be distributed upon Termination of Service in installments or a lump sum in accordance with the Plan and as elected in the Participation Agreement.

Section 7.03 . In-Service Distributions. Subject to Section 7.02 hereof, if a Participant has elected to defer Eligible Compensation under the Plan for a stated number of years, the account balance of the Participant (determined as of the most recent Valuation Date preceding such Deferral Period) shall be distributed in installments or a lump sum in accordance with the Plan and as elected in the Participation Agreement.

Section 7.04. Voluntary Early Withdrawal. Notwithstanding the provisions of Section 7.01 and any Participation Agreement, a Participant shall be entitled to elect to withdraw all of the balance in his/her Deferral Account(s) in accordance with this Section 7.04 by filing with the Committee such form, in accordance with such procedures, as the Committee shall determine from time to time. As soon as practicable after receipt of such form by the Committee, the Company shall pay an amount equal to ninety percent of the balance in such Participant's Deferral Account(s) (determined as of the most recent Valuation Date preceding the date such election is filed) to the electing Participant in a lump sum in cash, and the Participant shall forfeit the remainder of such Deferral Account(s). All Participation Agreements previously filed by a Participant who elects to make a withdrawal under this Section 7.04 shall be null and void after such election is filed (including without limitation Participation Agreements with respect to Plan Years or performance periods that have not yet been completed), and such a Participant shall not thereafter be entitled to file any Participation Agreements under the Plan with respect to the first Plan Year that begins after such election is made.

Section 7.05 . Payments in Connection with Change of Control. Notwithstanding anything contained in this Plan to the contrary, upon a Change of Control, the Company shall immediately pay to each Participant in a lump sum in cash the balance in his/her Deferral Account(s) (determined as of the most recent Valuation Date preceding the Change of Control).

Section 7.06. Withholding of Taxes. Notwithstanding any other provision of this Plan, the Company shall withhold from payments made hereunder any amounts required to be so withheld by any applicable law or regulation.

ARTICLE 8

Beneficiary Designation

Section 8.01. Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person, persons or entity as his Beneficiary or Beneficiaries. A Beneficiary designation shall be made, and may be amended, by the Participant by filing a written designation with the Committee, on such form and in accordance with such procedures as the

Committee shall establish from time to time.

Section 8.02. No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, then the Participant's Beneficiary shall be deemed to be the Participant's estate.

ARTICLE 9

Amendment and Termination of Plan

Section 9.01. Amendment. The Board or the Committee may at any time amend this Plan in whole or in part, provided, however, that no amendment shall be effective to decrease the balance in any Deferral Account as accrued at the time of such amendment, nor shall any amendment otherwise have a retroactive effect.

Section 9.02. Company's Right to Terminate. The Board or the Committee may at any time terminate the Plan with respect to future Participation Agreements. The Board or the Committee may also terminate the Plan in its entirety at any time for any reason, including without limitation if, in its judgment, the continuance of the Plan, the tax, accounting, or other effects thereof, or potential payments thereunder would not be in the best interests of the Company, and upon any such termination, the Company shall immediately pay to each Participant in a lump sum the accrued balance in his Deferral Account (determined as of the most recent Valuation Date preceding the termination date).

ARTICLE 10

Miscellaneous

Section 10.01. Unfunded Plan. This Plan is intended to be an unfunded plan. All payments pursuant to the Plan shall be made from the general funds of the Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in the Plan. Notwithstanding the foregoing, the Company may (but shall not be obligated to) create one or more grantor trusts, the assets of which are subject to the claims of the Company's creditors, to assist it in accumulating funds to pay its obligations under the Plan.

Section 10.02. Nonassignability. Except as specifically set forth in the Plan with respect to the designation of Beneficiaries, neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Section 10.03. Validity and Severability. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.04. Governing Law. The validity, interpretation, construction and performance of this Plan shall in all respects be governed by the laws of the State of Connecticut, without reference to principles of conflict of law, except to the extent pre-empted by federal law.

Section 10.05. Status as a Director. This Plan does not constitute a contract of employment or impose on the Participant or the Company any obligation for the Participant to remain a director of the Company or change the policies of the Company and its affiliates regarding termination of services as a director.

Section 10.06. Underlying Compensation Arrangements. Nothing in this Plan shall prevent the Company or the Board from modifying, amending or terminating the compensation arrangements for directors of the Company.

APPENDIX A

Effective as of January 1, 1997, the deemed investment choices under the Plan are as follows:

Mutual Funds

- Merrill Lynch Capital Funds, Inc.
- Merrill Lynch Global Allocation Fund, Inc.
- Merrill Lynch Basic Value Fund, Inc.

Other

- Merrill Lynch Equity Index Trust
- Treasury Rate of Return
- Pitney Bowes Phantom Share Fund
- Pitney Bowes Stock Options