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 September 30, 1999

OR

__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from --------------- to ----------------

Commission File Number: 1-3579

PITNEY BOWES INC.

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Number of shares of common stock, $1 par value, outstanding as of October 31, 1999 is 265,256,152.

Pitney Bowes Inc.
Index

Page Number

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 September 30,		Nine Months Ended September 30,	
	1999	1998*	1999	1998*
Revenue from:				
Sales	$ 529,550	$ 488,575	$ 1,586,302	$ 1,431,310
Rentals and financing	420,836	396,329	1,245,334	1,170,525
Support services	139,439	128,271	412,945	379,715
Total revenue	1,089,825	1,013,175	3,244,581	2,981,550
Costs and expenses:				
Cost of sales	300,490	282,503	903,560	847,486
Cost of rentals and financing	118,049	102,767	346,425	309,743
Selling, service and administrative	375,462	362,921	1,109,622	1,046,819
Research and development	25,105	24,699	78,707	73,395
Other income (Note 10)	(49,574)	-	(49,574)	-
Interest, net	41,256	39,261	133,694	115,209
Total costs and expenses	810,788	812,151	2,522,434	2,392,652
Income from continuing operations before income taxes	279,037	201,024	722,147	588,898
Provision for income taxes	92,960	68,201	240,091	200,971
Income from continuing operations	186,077	132,823	482,056	387,927
Income from discontinued operations (Note 2)	-	8,763	971	25,363
Loss on disposal of discontinued operations (Note 2)	-	-	(24,938)	-
Net income	$ 186,077	$ 141,586	$ 458,089	$ 413,290
Basic earnings per share:				
Continuing operations	$ .70	$ .49	$ 1.80	$ 1.41
Discontinued operations	-	.03	(.09)	.09
Net income	$ .70	$ .52	$ 1.71	$ 1.50
Diluted earnings per share:				
Continuing operations	$ .69	$ .48	$ 1.77	$ 1.38
Discontinued operations	-	.03	(.09)	.09
Net income	$ .69	$ .51	$ 1.68	$ 1.47
Dividends declared per share of common stock	$ .255	$ .225	$ .765	$ .675

Ratio of earnings to fixed charges	5.83	4.59	4.96	4.53
Ratio of earnings to fixed charges excluding minority interest	6.27	4.95	5.29	4.88

* Reclassified to reflect discontinued operations.

See Notes to Consolidated Financial Statements

Pitney Bowes Inc.
Consolidated Balance Sheets

(Dollars in thousands, except share data)	September 30, 1999 (unaudited)	December 31, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 152,057	$ 125,684
Short-term investments, at cost which approximates market	873	3,302
Accounts receivable, less allowances: 9/99, $25,493; 12/98, $24,665	404,720	382,406
Finance receivables, less allowances: 9/99, $43,147; 12/98, $51,232	1,560,641	1,400,786
Inventories (Note 3)	242,678	266,734
Other current assets and prepayments	131,433	330,051
Net assets of discontinued operations	137,869	-
Total current assets	2,630,271	2,508,963
Property, plant and equipment, net (Note 4)	473,558	477,476
Rental equipment and related inventories, net (Note 4)	825,946	806,585
Property leased under capital leases, net (Note 4)	3,097	3,743
Long-term finance receivables, less allowances: 9/99, $57,197; 12/98, $79,543	1,925,891	1,999,339
Investment in leveraged leases	979,910	827,579
Goodwill, net of amortization: 9/99, $53,057; 12/98, $47,514	227,507	222,980
Other assets	495,998	814,374
Net assets of discontinued operations	319,248	-
Total assets	$ 7,881,426	$ 7,661,039
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 825,622	$ 898,548
Income taxes payable	230,347	194,443
Notes payable and current portion of long-term obligations	1,315,316	1,259,193
Advance billings	374,512	369,628
Total current liabilities	2,745,797	2,721,812
Deferred taxes on income	1,061,686	920,521
Long-term debt (Note 5)	1,847,808	1,712,937
Other noncurrent liabilities	348,292	347,670
Total liabilities	6,003,583	5,702,940

Preferred stockholders' equity in a subsidiary company........	310,000	310,097
Stockholders' equity:		
Cumulative preferred stock, $50 par value, 4% convertible................................	29	34
Cumulative preference stock, no par value, $2.12 convertible.............................	1,901	2,031
Common stock, $1 par value...............................	323,338	323,338
Capital in excess of par value............................	10,330	16,173
Retained earnings...	3,326,639	3,073,839
Accumulated other comprehensive income (Note 8)...........	(93,456)	(88,217)
Treasury stock, at cost...................................	(2,000,938)	(1,679,196)
Total stockholders' equity............................	1,567,843	1,648,002
Total liabilities and stockholders' equity....................	$ 7,881,426	$ 7,661,039

See Notes to Consolidated Financial Statements

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

(Dollars in thousands)

	Nine Months Ended September 30,	
	1999	1998*
Cash flows from operating activities:		
Net income...	$ 458,089	$ 413,290
Loss on disposal of discontinued operations................	24,938	-
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.......................	302,084	266,127
Increase in deferred taxes on income................	139,750	72,909
Pension plan investment.............................	(67,000)	-
Change in assets and liabilities:		
Accounts receivable.............................	(23,380)	(490)
Net investment in internal finance receivables...	(58,506)	(103,061)
Inventories.....................................	24,228	13,683
Other current assets and prepayments............	(19,327)	4,838
Accounts payable and accrued liabilities.........	(35,306)	(29,913)
Income taxes payable............................	52,126	17,659
Advance billings................................	4,866	2,584
Other, net..	(38,835)	(8,559)
Net cash provided by operating activities........	763,727	649,067
Cash flows from investing activities:		
Short-term investments....................................	2,320	(310)
Net investment in fixed assets............................	(234,305)	(219,896)
Net investment in external finance receivables.............	35,958	(72,105)
Investment in leveraged leases............................	(147,566)	(95,534)
Investment in mortgage servicing rights....................	(21,800)	(180,080)
Other investing activities................................	(23,301)	(16,471)
Net cash used in investing activities...........	(388,694)	(584,396)
Cash flows from financing activities:		
Increase(decrease) in notes payable, net...................	70,017	(109,532)
Proceeds from long-term obligations........................	208,106	836,123

Principal payments on long-term obligations	(91,181)	(231,805)
Proceeds from issuance of stock	40,702	32,424
Stock repurchases	(369,343)	(394,716)
Dividends paid	(205,289)	(186,336)
Net cash used in financing activities	(346,988)	(53,842)
Effect of exchange rate changes on cash	(1,672)	(2,928)
Increase in cash and cash equivalents	26,373	7,901
Cash and cash equivalents at beginning of period	125,684	137,073
Cash and cash equivalents at end of period	$ 152,057	$ 144,974
Interest paid	$ 171,234	$ 141,191
Income taxes paid, net	$ 67,393	$ 128,850

<FN>
* Certain prior year amounts have been reclassified to conform with the 1999 presentation.
</FN>

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 Pitney Bowes Inc. (the company), all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position of the company at September 30, 1999 and December 31, 1998, the results of its operations for the three months and nine months ended September 30, 1999 and 1998 and its cash flows for the nine months ended September 30, 1999 and 1998 have been included. Operating results for the three and nine months ended September 30, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999. These statements should be read in conjunction with the financial statements and notes thereto included in the company's 1998 Annual Report to Stockholders on Form 10-K.

Note 2:

On June 30, 1999, the company committed itself to a formal plan to dispose of Atlantic Mortgage & Investment Corporation (AMIC), a wholly-owned subsidiary of the company, in a manner that maximizes long-term shareholder value. The company recorded an expected loss of approximately $34.2 million (net of taxes of $22.8 million) on the disposal of AMIC in the second quarter of 1999.

AMIC's revenue was $26.3 million and $39.2 million for the three months ended September 30, 1999 and 1998, respectively, and $88.8 million and $91.8 million for the nine months ended September 30, 1999 and 1998, respectively. Net interest expense allocated to AMIC's discontinued operations was $.8 million and $.5 million for the three months ended September 30, 1999 and 1998, respectively, and $4.5 million and $3.4 million for the nine months ended September 30, 1999 and 1998, respectively. Interest has been allocated based on AMIC's net intercompany borrowing levels with Pitney Bowes Credit Corporation (PBCC), a wholly-owned subsidiary of the company, charged at PBCC's weighted average borrowing rate, offset by the interest savings PBCC realizes due to borrowings against AMIC's escrow deposits as opposed to regular commercial paper borrowings.

On October 30, 1998, Colonial Pacific Leasing Corporation (CPLC), a wholly-owned subsidiary of the company, transferred the operations, employees and substantially all assets related to its broker-oriented external financing business to General Electric Capital Corporation, a subsidiary of the General Electric Company. The company received approximately $790 million at closing. In connection with this transaction, the company recorded a gain of approximately $9.3 million (net of taxes of $5.7 million) in the second quarter of 1999.

CPLC's revenue was $32.0 million and $102.1 million for the three and nine months ended September 30, 1998, respectively. Interest expense allocated to CPLC's discontinued operations was $9.6 million and $30.6 million for the three and nine months ended September 30, 1998, respectively. Interest expense has been allocated based on CPLC's intercompany borrowing levels with PBCC, charged at PBCC's weighted average borrowing rate.

Operating results of AMIC and CPLC have been segregated and reported as discontinued operations in the Consolidated Statements of Income. Prior year results have been reclassified to conform to the current year presentation. Net assets of AMIC's discontinued operations have been separately classified in the Consolidated Balance Sheet at September 30, 1999. Cash flow impacts of discontinued operations have not been segregated in the Consolidated Statements of Cash Flows. Details of the income from discontinued operations are as follows:

(Dollars in thousands)	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
AMIC	$ -	$6,396	$ 971	$17,610
CPLC	-	2,367	-	7,753
Income from discontinued operations	$ -	$8,763	$ 971	$25,363

Note 3:

Inventories are comprised of the following:

(Dollars in thousands)

	September 30, 1999	December 31, 1998
Raw materials and work in process	$ 39,260	$ 54,001
Supplies and service parts	106,527	106,864
Finished products	96,891	105,869
Total	$ 242,678	$ 266,734

Note 4:

Fixed assets are comprised of the following:

(Dollars in thousands)	September 30, 1999	December 31, 1998
Property, plant and equipment	$ 1,182,547	$ 1,153,573
Accumulated depreciation	(708,989)	(676,097)
Property, plant and equipment, net	$ 473,558	$ 477,476
Rental equipment and related inventories	$ 1,695,850	$ 1,706,995
Accumulated depreciation	(869,904)	(900,410)
Rental equipment and related inventories, net	$ 825,946	$ 806,585
Property leased under capital leases	$ 18,957	$ 19,430
Accumulated amortization	(15,860)	(15,687)
Property leased under capital leases, net	$ 3,097	$ 3,743

Note 5:

In August 1999, PBCC established a medium-term note program as part of PBCC's shelf registration statement filed with the SEC in July 1998, which permits issuance of up to $500 million in debt securities. In September 1999, PBCC issued $125 million of 5.95% unsecured notes under this program, due in September 2000, with interest payable in March 2000 and at maturity. The net proceeds from these notes are being used for general corporate purposes, including the repayment of short-term debt.

In April 1999, the company issued notes amounting to $200 million from its shelf registration filed with the SEC in April 1998. These unsecured notes bear annual interest at 5.5% and mature in April 2004. The net proceeds from these notes are being used for general corporate purposes, including the repayment of commercial paper.

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

PBCC has $625 million of unissued debt securities available from the shelf registration statement filed with the SEC in July 1998.

Note 6:

Revenue and operating profit by business segment for the three and nine months ended September 30, 1999 and 1998 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in thousands)	1999	1998*	1999	1998*
Revenue:				
Mailing and Integrated Logistics	$ 736,945	$ 666,141	$ 2,182,526	$ 1,960,662
Office Solutions	312,063	306,716	943,396	901,580
Capital Services	40,817	40,318	118,659	119,308
Total revenue	$ 1,089,825	$ 1,013,175	$ 3,244,581	$ 2,981,550
Operating Profit: (1)				
Mailing and Integrated Logistics	$ 198,213	$ 163,702	$ 573,252	$ 472,332
Office Solutions	60,526	59,461	179,727	169,530
Capital Services	11,908	11,482	32,874	32,029

Total operating profit.......................	$ 270,647	$ 234,645	$ 785,853	$ 673,891
Unallocated amounts:				
Net interest (corporate interest expense, net of intercompany transactions).........	(11,717)	(4,263)	(33,921)	(9,755)
Corporate expense..........................	(29,467)	(29,358)	(79,359)	(75,238)
U.S.P.S. Settlement.......................	49,574	-	49,574	-
Income from continuing operations before income taxes................................	$ 279,037	$ 201,024	$ 722,147	$ 588,898

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

Note 7:

A reconciliation of the basic and diluted earnings per share computations for the three months ended September 30, 1999 and 1998 is as follows (in thousands, except per share data):

	1999			1998*		
	Income	Shares	Per Share	Income	Shares	Per Share
Income from continuing operations	$ 186,077			$ 132,823		
Less:						
Preferred stock dividends	-			-		
Preference stock dividends	(37)			(40)		
Basic earnings per share	$ 186,040	266,728	$ .70	$ 132,783	273,868	$ .49
Effect of dilutive securities:						
Preferred stock	-	14		-	17	
Preference stock	37	1,133		40	1,236	
Stock options		3,024			2,897	
Other		298			695	
Diluted earnings per share	$ 186,077	271,197	$ .69	$ 132,823	278,713	$ .48

A reconciliation of the basic and diluted earnings per share computations for the nine months ended September 30, 1999 and 1998 is as follows (in thousands, except per share data):

	1999			1998*		
	Income	Shares	Per Share	Income	Shares	Per Share
Income from continuing operations	$ 482,056			$ 387,927		
Less:						
Preferred stock dividends	-			-		
Preference stock dividends	(114)			(124)		
Basic earnings per share	$ 481,942	268,247	$ 1.80	$ 387,803	276,028	$ 1.41

Effect of dilutive securities:						
Preferred stock	-	15		-	17	
Preference stock	114	1,157		124	1,263	
Stock options		3,321			2,812	
Other		384			547	
Diluted earnings per share	$ 482,056	273,124	$ 1.77	$ 387,927	280,667	$ 1.38

* Adjusted to reflect discontinued operations.

Note 8:

Comprehensive income for the three and nine months ended September 30, 1999 and 1998 was as follows:

(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
Net income	$ 186,077	$ 141,586	$ 458,089	$ 413,290
Other comprehensive income:				
Foreign currency translation adjustments	(7,605)	(15,918)	(5,239)	(27,200)
Comprehensive income	$ 178,472	$ 125,668	$ 452,850	$ 386,090

Note 9:

In June 1999, Statement of Financial Accounting Standards (SFAS) No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133 - an amendment of FASB Statement No. 133", was issued. This statement defers the effective date of SFAS No. 133 one year (January 1, 2001 for the company). SFAS 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 and losses depends on the intended use of the derivative and the resulting designation. The company is currently evaluating the impact of this statement.

Note 10:

In August 1999, the U.S. Postal Service (U.S.P.S.) and the company announced that they had reached agreement (U.S.P.S. Settlement) resolving a lawsuit filed by the company in 1997. The lawsuit arose out of a dispute over a 1978 Statement of Understanding authorizing the company to offer Postage by PhoneR, its proprietary version of the Computerized Meter Resetting System (CMRS). Under the terms of the agreement, the company received $51.8 million, representing a portion of the financial benefit that the U.S.P.S. obtained as a result of the revised regulations. This payment, net of related legal expenses of $2.2 million, was recorded as other income in the third quarter of 1999.

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

Results of Continuing Operations - third quarter of 1999 vs. third quarter of 1998

Revenue increased eight percent in the third quarter of 1999 to $1,089.8 million compared with $1,013.2 million in the third quarter of 1998. Income from continuing operations increased 40 percent to $186.1 million, or 18 percent to $156.6 million excluding the impact of the U.S.P.S. Settlement, from $132.8 million for the same period in 1998. Diluted earnings per share from continuing operations grew to 69 cents, a 43.8 percent increase from the third quarter of 1998. Excluding the impact of the U.S.P.S. Settlement, diluted earnings per share from continuing operations grew to 58 cents, a 21 percent increase from the third quarter of 1998.

Third quarter 1999 revenue included $529.6 million from sales, up eight percent from $488.6 million in the third quarter of 1998; $420.8 million from rentals and financing, up six percent from $396.3 million; and $139.4 million from support services, up nine percent from $128.3 million.

The Mailing and Integrated Logistics segment includes revenues and related expenses from the rental, sale and financing of mailing and shipping equipment, related supplies and service, and software. During the third quarter of 1999, revenue grew 11 percent and operating profit increased 21 percent. Contributors to growth included:

- Sophisticated, productivity-enhancing Automated Document Factory Solutions, featuring customized, high-speed production mail equipment, software and systems integration services.
- Multi-functional mail finishing systems such as the Paragon(R) and the GalaxyTM digital system, with their range of mail processing applications for all types of mail such as the patented Weigh-on-the-WayTM (W-O-WTM) feature.
- Ongoing robustness in demand for advanced shipping and logistics systems, for managing the fulfillment and logistics of orders from the Internet and other channels.
- The continued need for mail creation hardware, software, and hybrid solutions as businesses use mail for one-to-one marketing to acquire and retain customers.

In addition, international operations enhanced the quarter's performance through strong revenue and operating profit growth.

The Office Solutions Segment includes Pitney Bowes Office Systems and Pitney Bowes Management Services. During the third quarter of 1999, both revenue and operating profit grew two percent. Excluding the impact of currency, operating profit growth would have been six percent.

During the quarter, Pitney Bowes Management Services' revenue remained flat as new management continues to focus on programs to improve the profitability of customer contracts while increasing service levels. The focus on profitability resulted in double-digit operating profit growth.

Office Systems, featuring Copier and Facsimile, grew revenues three percent for the quarter. Copier Systems posted good sales growth even as the business continued the transition to digital, networked solutions and the focus on training to sell to national and major accounts. Facsimile revenues were impacted by ongoing price pressures in the market and lower supplies revenues.

The Capital Services Segment includes primarily asset- and fee-based income generated by large ticket external assets. During the quarter, revenue grew one percent and operating profit increased four percent. This performance is consistent with the company's previously announced strategy to shift from asset-based income by lowering the asset base and concentrating on fee-based income opportunities.

Cost of sales decreased to 56.7 percent of sales revenue in the third quarter of 1999 compared with 57.8 percent in the third quarter of 1998. This was due primarily to improved contributions from high and mid volume equipment sales at U.S. Mailing Systems.

Cost of rentals and financing increased to 28.1 percent of related revenues in the third quarter of 1999 compared with 25.9 percent in the third quarter of 1998. This was due to higher depreciation at both U.S. Mailing and Copier, and costs associated with new products such as Pitney WorksSM Reserve Account, Pitney WorksSM Capital Line and Pitney WorksSM Purchase PowerSM at Financial Services.

Selling, service and administrative expenses were 34.5 percent of revenue in the third quarter of 1999 compared with 35.8 percent in the third quarter of 1998. This improvement was due primarily to the company's continued emphasis on controlling operating expenses.

Research and development expenses increased two percent to $25.1 million in the third quarter of 1999 compared with $24.7 million in the third quarter of 1998. The increase reflects the company's continued commitment to developing new technologies for its digital meters and other mailing and software products. Growth in research and development expenses was moderated by the movement of newly developed products such as PulsarTM and GalaxyTM to active product status.

Net interest expense increased to $41.3 million in the third quarter of 1999 from $39.3 million in the third quarter of 1998. The increase is due mainly to interest associated with borrowings to fund the share repurchase program, offset by a $3.6 million gain from the termination of an interest rate swap in September 1999.

The effective tax rate for the third quarter of 1999 was 33.3 percent compared with 33.9 percent in 1998. The decrease is due to increased income from international operations, certain capital services external financing transactions entered into in the quarter and lower state taxes.

Net income and diluted earnings per share increased 31.4 percent and 35 percent, respectively, in the third quarter of 1999 compared to the same period in 1998. Excluding the impact of the U.S.P.S. Settlement, net income and diluted earnings per share increased 10.6 percent and 13.6 percent, respectively, during the quarter.

Results of Continuing Operations - nine months of 1999 vs. nine months of 1998

For the first nine months of 1999 compared with the same period of 1998, revenue increased nine percent to $3,244.6 million while income from continuing operations increased 24.3 percent to $482.1 million. Excluding the U.S.P.S. Settlement, income from continuing operations increased 16.7 percent to $452.6 million. The factors that affected revenue and earnings performance included those cited for the third quarter of 1999 versus 1998.

Discontinued Operations

On June 30, 1999, the company committed itself to a formal plan to dispose of Atlantic Mortgage and Investment Corporation (AMIC), a wholly-owned subsidiary of the company, in a manner that maximizes long-term shareholder value. The company recorded an expected loss of approximately $34.2 million (net of taxes of $22.8 million) on the disposal of AMIC in the second quarter of 1999.

Operating results of AMIC have been segregated and reported as discontinued operations in the Consolidated Statements of Income for the three and nine months ended September 30, 1999. Prior year results have been reclassified to conform to the current year presentation. See Note 2 to the consolidated financial statements.

On October 30, 1998, Colonial Pacific Leasing Corporation (CPLC), a wholly-owned subsidiary of the company, transferred the operations, employees and substantially all assets related to its broker-oriented external financing business to General Electric Capital Corporation, a subsidiary of General Electric Company. The company received approximately $790 million at closing. In connection with this transaction, the company recorded a gain of approximately $9.3 million (net of taxes of $5.7 million) in the second quarter of 1999. Operating results of CPLC have been segregated and reported as discontinued operations in the Consolidated Statements of Income for the three and nine months ended September 30, 1998. See Note 2 to the consolidated financial statements.

Accounting Pronouncements

In June 1999, Statement of Financial Accounting Standards (SFAS) No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133 - an amendment of FASB Statement No. 133", was issued. This statement defers the effective date of SFAS No. 133 one year (January 1, 2001 for the company). SFAS 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 and losses depends on the intended use of the derivative and the resulting designation. The company is currently evaluating the impact of this statement.

Other Matters

In August 1999, the U.S. Postal Service (U.S.P.S.) and the company announced that they had reached agreement (U.S.P.S. Settlement) resolving a lawsuit filed by the company in 1997. The lawsuit arose out of a dispute over a 1978 Statement of Understanding authorizing the company to offer Postage by PhoneR, its proprietary version of the Computerized Meter Resetting System (CMRS). Under the terms of the agreement, the company received $51.8 million, representing a portion of the financial benefit that the U.S.P.S. obtained as a result of the revised regulations. This payment, net of related legal expenses of $2.2 million, was recorded as other income of $49.6 million in the third quarter of 1999.

Liquidity and Capital Resources

The ratio of current assets to current liabilities improved to .96 to 1 at September 30, 1999 compared with .92 to 1 at December 31, 1998. The improvement was due primarily to an increase in short-term finance receivables.

In August 1999, Pitney Bowes Credit Corporation (PBCC), a wholly-owned subsidiary of the company, established a medium-term note program as part of PBCC's shelf registration statement filed with the SEC in July 1998, which permits issuance of up to $500 million in debt securities. In September 1999, PBCC issued $125 million of 5.95% unsecured notes under this program, due in September 2000, with interest payable in March 2000 and at maturity. The net proceeds from these notes are being used for general corporate purposes, including the repayment of short-term debt.

In April 1999, the company issued notes amounting to $200 million from its shelf registration filed with the SEC in April 1998. These unsecured notes bear annual interest at 5.5% and mature in April 2004. The net proceeds from these notes are being used for general corporate purposes, including the repayment of commercial paper.

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

PBCC has $625 million of unissued debt securities available from the shelf registration statement filed with the SEC in July 1998.

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

The ratio of total debt to total debt and stockholders' equity including the preferred stockholders' equity in a subsidiary company in total debt was 68.9 percent at September 30, 1999 compared with 66.6 percent at December 31, 1998. Book value per common share decreased to $5.89 at September 30, 1999 from $6.09 at December 31, 1998 driven primarily by the repurchase of common shares. During the quarter ended September 30, 1999, the company repurchased 1.7 million common shares for $103.3 million.

To control the impact of interest rate swings on its business, the company uses a balanced mix of debt maturities, variable and fixed rate debt and interest rate swap agreements. The company enters into interest rate swap agreements primarily through its financial services business. Swap agreements are used to obtain lower interest rates on commercial loans than the company would otherwise have been able to get without the swap.

During August 1999, PBCC entered into three interest rate swaps for an aggregate notional amount of $350 million. The floating rates for each swap are based on six month LIBOR plus a spread, equal to the difference between the fixed rate of the debt and the fixed rate currently available for similar debt. Under the terms of the swap agreements, PBCC is the floating rate payer.

Year 2000

General

In 1997, the company established a formal worldwide program to identify and resolve the impact of the Year 2000 (Y2K) date processing issue on the company's business systems, products and supporting infrastructure. The program structure has strong executive sponsorship consisting of a global Y2K steering committee of senior business and technology management, a Y2K program office of full-time program management, and subject matter experts and dedicated business unit project teams. The company also engaged independent consultants to perform periodic independent program reviews and assist in systems assessment and testing reviews.

State of Readiness

The program encompasses the following phases: an inventory of affected technology and critical third party suppliers, an assessment of Y2K readiness, resolution, unit and integrated testing, and contingency planning. As of September 1999, the company has substantially completed these phases across all aspects of its businesses. Specific project status in our more critical process areas is summarized below:

Computer Systems and Infrastructure:
These include computer networks, systems and applications supporting worldwide business operations, including sales order processing, manufacturing, distribution, billing, collections, leasing, financial management, and human resources. All core systems have been remediated, tested, and reinstalled into the production environment. Unit and integration testing have been successfully completed.

Manufacturing/Logistics:
In 1998, we completed an inventory and assessment of our worldwide manufacturing plants and warehouses. This included over 750 distinct pieces of plant floor equipment, technology workstations, quality control systems, and safety and security systems. All required upgrades and testing have been completed.

Products/Customers:
In 1997 and early 1998, we inventoried and tested over 2,350 product versions. Over 95 percent of installed products, including postage meters, mailing systems, copiers, and facsimile systems, were already Y2K compliant. All inventoried products are either compliant or have available solutions or replacements. Detailed product compliance information has been communicated to customers through direct mail and through our website at www.pitneybowes.com.

Suppliers & Critical Vendors:
The company established a program to identify and assess the Y2K readiness of critical vendors and suppliers of its worldwide businesses. The company has assessed and monitored the Y2K readiness of over 250 critical vendors worldwide. As of September 1999, all of our critical vendors have reported that they are Y2K compliant.

Y2K Costs

The company estimates the total cost of the worldwide program from inception in 1997 through the Year 2000 to be approximately $36 million, of which approximately $32 million has been incurred through September 30, 1999. These costs, which are funded through the company's cash flows, include internal labor costs as well as consulting and other external costs. These costs are incorporated in the company's budgets and are being expensed as incurred.

Y2K Risks

The most reasonably likely worst case scenario with respect to a Y2K problem is a failure of a supplier, including a utility or telecommunications supplier, to be Y2K compliant causing a disruption in our operations. A widespread utility failure could temporarily disrupt our product supply and impact customer communications. We are monitoring over 250 critical vendors, including utility suppliers, and have developed appropriate contingency plans to ensure uninterrupted service.

Y2K Contingency Plans

A Y2K business resumption plan has been developed which identifies and evaluates potential Y2K failure scenarios and establishes both preemptive and reactive measures. These measures, including plans to address failures of critical vendors, internal systems and processes, have been finalized.

Capital Investments

In the first nine months of 1999, net investments in fixed assets included $70.6 million in net additions to property, plant and equipment and $163.7 million in net additions to rental equipment and related inventories compared with $62.4 million and $157.5 million, respectively, in the same period in 1998. These additions include expenditures for normal plant and manufacturing equipment. In the case of rental equipment, the additions included the production of postage meters and the purchase of facsimile and copier equipment for both new placements and upgrade programs.

As of September 30, 1999, 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 May 1995, the U.S.P.S. publicly announced its concept of its Information Based Indicia Program (IBIP), the purpose of which was to develop a new standard for future digital postage evidencing devices.

During the period from May 1995 through September 30, 1999, the company has submitted extensive comments to a series of proposed IBIP specifications issued by the U.S.P.S. The latest set of proposed specifications, entitled "Performance Criteria for Information-Based Indicia and Security Architecture for Open IBI Postage Evidencing Systems" (the IBI Performance Criteria), was issued in July 1999. The company has submitted comments to the IBI Performance Criteria.

As of September 30, 1999, the company is in the process of finalizing the development of both PC and Internet versions of a product, which satisfies the proposed IBI Performance Criteria. Both versions of this product are currently undergoing phase II beta testing and are expected to be ready for market upon final approval from the U.S.P.S.

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 the 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
- mailers' utilization of alternative means of communication or competitors' products
- the company's success at managing customer credit risk
- the impact of the year 2000 issue, including the effects of third parties' inabilities to address the Year 2000 problem as well as the company's own readiness

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.

In June 1999, the company was served with a Civil Investigative Demand (CID) from the Justice Department's Antitrust Division. A CID is a tool used by the

Antitrust Division for gathering information and documents. The company believes that the Justice Department may be reviewing the company's efforts to protect its intellectual property rights. The company believes it has complied fully with the antitrust laws and is cooperating fully with the department's investigation.

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
(27)	Financial Data Schedule

(b) Reports on Form 8-K

On October 22, 1999, the company filed a current report on Form 8-K pursuant to Item 5 thereof, reporting the Press Release dated October 19, 1999 for the quarter ended September 30, 1999, consolidated statements of income and selected segment data.

On September 3, 1999, PBCC filed a current report on Form 8-K pursuant to Items 5 and 7 thereof, relating to the establishment of PBCC's medium-term note program.

On August 30, 1999, PBCC filed a current report on Form 8-K pursuant to Items 5 and 7 thereof, restating certain items filed in PBCC's Annual Report on Form 10-K for the year ended December 31, 1998 and Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.

On August 2, 1999, the company filed a current report on Form 8-K pursuant to Item 5 thereof, announcing a settlement with the U.S.P.S.

On July 26, 1999, PBCC filed a current report on Form 8-K pursuant to Item 5 thereof, reporting the Press Release of Pitney Bowes Inc. (parent company) dated July 20, 1999 for the quarter ended June 30, 1999, consolidated statements of income and selected segment data.

On July 23, 1999, the company filed a current report on Form 8-K pursuant to Item 5 thereof, reporting the Press Release dated July 20, 1999 for the quarter ended June 30, 1999, consolidated statements of income and selected segment data.

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.

November 15, 1999

/s/ M. L. Reichenstein

M. L. Reichenstein
Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ A. F. Henock

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

Exhibit Index

Reg. S-K Exhibits	Description
(12)	Computation of ratio of earnings to fixed charges
(27)	Financial Data Schedule

Exhibit (12)

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

(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998(2)	1999	1998(2)
Income from continuing operations before income taxes	$ 279,037	$ 201,024	$ 722,147	$ 588,898
Add:				
Interest expense	42,917	39,991	137,084	118,687
Portion of rents representative of the interest factor	10,029	10,935	31,223	33,216
Amortization of capitalized interest	244	244	730	730
Minority interest in the income of subsidiary with fixed charges	3,061	3,074	8,726	9,203
Income as adjusted	$ 335,288	$ 255,268	$ 899,910	$ 750,734
Fixed charges:				
Interest expense	$ 42,917	$ 39,991	$ 137,084	$ 118,687
Portion of rents representative of the interest factor	10,029	10,935	31,223	33,216
Minority interest, excluding taxes, in the income of subsidiary with fixed charges	4,592	4,652	13,073	13,967
Total fixed charges	$ 57,538	$ 55,578	$ 181,380	$ 165,870
Ratio of earnings to fixed charges	5.83	4.59	4.96	4.53
Ratio of earnings to fixed charges excluding minority interest	6.27	4.95	5.29	4.88

<FN>

(1) The computation of the ratio of earnings to fixed charges has been computed by dividing income from continuing operations before income taxes as adjusted by fixed charges.

Included in fixed charges is one-third of rental expense as the representative portion of interest.

(2) Amounts recomputed to reflect discontinued operations.
</FN>

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THIS SCHEDULE CONTAINS FINANCIAL INFORMATION EXTRACTED FROM PITNEY BOWES INC. CONSOLIDATED BALANCE SHEET, CONSOLIDATED STATEMENT OF INCOME, CORRESPONDING FOOTNOTE #4 FIXED ASSETS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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<F1> Receivables are comprised of gross trade receivables of $430,213 and short-term finance receivables of $1,603,788. Allowances are comprised of allowances for trade receivables of $25,493 and for short-term finance receivables of $43,147.
<F2> Property, plant and equipment are comprised of gross fixed assets of $1,182,547 and rental equipment and related inventories of $1,695,850. Depreciation is comprised of depreciation on fixed assets of $708,989 and on rental equipment and related inventories of $869,904.
</FN>