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, 1998

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, 1998 is 272,640,700.

Pitney Bowes Inc.
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Part I - Financial Information

Item 1. Financial Statements

Pitney Bowes Inc.
Consolidated Statements of Income
(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997*	1998	1997*
Revenue from:				
Sales	$ 488,575	$ 449,904	$ 1,431,310	$ 1,317,483
Rentals and financing	435,557	404,049	1,262,371	1,192,407
Support services	128,271	120,671	379,715	359,870
Total revenue	1,052,403	974,624	3,073,396	2,869,760
Costs and expenses:				
Cost of sales	282,503	265,563	847,486	788,861
Cost of rentals and financing	133,237	119,528	377,154	334,882
Selling, service and administrative	362,921	339,717	1,046,819	1,001,508
Research and development	24,699	21,578	73,395	64,061
Interest, net	36,704	38,935	110,076	117,520
Total costs and expenses	840,064	785,321	2,454,930	2,306,832
Income from continuing operations before income taxes	212,339	189,303	618,466	562,928
Provision for income taxes	73,120	65,121	212,929	193,979
Income from continuing operations	139,219	124,182	405,537	368,949
Discontinued operations (Note 2)	2,367	3,623	7,753	9,872
Net income	$ 141,586	$ 127,805	$ 413,290	$ 378,821
Basic earnings per share:				
Continuing operations	$ .51	$ .43	$ 1.47	$ 1.27
Discontinued operations	.01	.01	.03	.03
Net income	$ .52	$ .44	$ 1.50	$ 1.30
Diluted earnings per share:				
Continuing operations	$ .50	$ .43	$ 1.44	$ 1.26
Discontinued operations	.01	.01	.03	.03
Net income	$ .51	$ .44	$ 1.47	$ 1.29

Dividends declared per share of common stock	$ .225	$ .20	$ .675	$ .60
Ratio of earnings to fixed charges	4.72	4.31	4.61	4.29
Ratio of earnings to fixed charges excluding minority interest	5.09	4.65	4.97	4.58

<FN>
*Reclassified to reflect discontinued operations.
</FN>

See Notes to Consolidated Financial Statements

Pitney Bowes Inc.
Consolidated Balance Sheets

(Dollars in thousands, except share data)	September 30, 1998 (unaudited)	December 31, 1997
Assets		
Current assets:		
Cash and cash equivalents	$ 144,974	$ 137,073
Short-term investments, at cost which approximates market	1,930	1,722
Accounts receivable, less allowances: 9/98, $22,513; 12/97, $21,129	346,475	348,792
Finance receivables, less allowances: 9/98, $43,348; 12/97, $54,170	1,435,795	1,546,542
Inventories (Note 3)	235,568	249,207
Other current assets and prepayments	173,458	180,179
Net assets of discontinued operations	776,941	--
Total current assets	3,115,141	2,463,515
Property, plant and equipment, net (Note 4)	470,110	497,261
Rental equipment and related inventories, net (Note 4)	803,738	788,035
Property leased under capital leases, net (Note 4)	3,909	4,396
Long-term finance receivables, less allowances: 9/98, $49,479; 12/97, $78,138	1,938,581	2,581,349
Investment in leveraged leases	817,144	727,783
Goodwill, net of amortization: 9/98, $45,902; 12/97, $40,912	213,778	203,419
Other assets	869,944	627,631
Total assets	$ 8,232,345	$ 7,893,389
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 842,511	$ 878,759
Income taxes payable	165,414	147,921
Notes payable and current portion of long-term obligations	1,844,077	1,982,988
Advance billings	362,801	363,565
Total current liabilities	3,214,803	3,373,233
Deferred taxes on income	929,199	905,768
Long-term debt (Note 5)	1,710,533	1,068,395
Other noncurrent liabilities	366,799	373,416
Total liabilities	6,221,334	5,720,812
Preferred stockholders' equity in a subsidiary company	300,000	300,000
Stockholders' equity:		
Cumulative preferred stock, $50 par value, 4% convertible	34	39
Cumulative preference stock, no par value, $2.12 convertible	2,076	2,220
Common stock, $1 par value	323,338	323,338
Capital in excess of par value	18,198	28,028
Retained earnings	2,971,883	2,744,929
Accumulated other comprehensive income (Note 8)	(90,548)	(63,348)
Treasury stock, at cost	(1,513,970)	(1,162,629)
Total stockholders' equity	1,711,011	1,872,577
Total liabilities and stockholders' equity	$ 8,232,345	$ 7,893,389

See Notes to Consolidated Financial Statements

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

(Dollars in thousands)

	Nine Months Ended September 30, 1998	1997*
Cash flows from operating activities:		
Income from continuing operations	$ 405,537	$ 368,949
Discontinued operations	7,753	9,872
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	266,127	222,699
Increase in deferred taxes on income	72,909	171,277
Change in assets and liabilities:		
Accounts receivable	(490)	7,564
Net investment in internal finance receivables	(103,061)	(87,666)
Inventories	13,683	25,951
Other current assets and prepayments	4,838	(22,474)
Accounts payable and accrued liabilities	(12,267)	23,837
Income taxes payable	17,659	(83,801)
Advance billings	2,584	13,542
Other, net	(17,033)	(68,595)
Net cash provided by operating activities	658,239	581,155
Cash flows from investing activities:		
Short-term investments	(310)	(713)
Net investment in fixed assets	(219,896)	(202,579)
Net investment in external finance receivables	(72,105)	95,255
Investment in leveraged leases	(95,534)	(47,086)
Investment in mortgage servicing rights	(189,252)	(71,589)
Other investing activities	(16,471)	(3,025)
Net cash used in investing activities	(593,568)	(229,737)
Cash flows from financing activities:		
(Decrease)increase in notes payable, net	(109,532)	387,937
Proceeds from issuance of long-term obligations	836,123	--
Principal payments on long-term obligations	(231,805)	(252,794)
Proceeds from issuance of stock	32,424	27,964
Stock repurchases	(394,716)	(447,759)
Proceeds from preferred stock issued by a subsidiary	--	100,000
Dividends paid	(186,336)	(174,993)
Net cash used in financing activities	(53,842)	(359,645)
Effect of exchange rate changes on cash	(2,928)	(1,904)
Increase (decrease) in cash and cash equivalents	7,901	(10,131)
Cash and cash equivalents at beginning of period	137,073	135,271
Cash and cash equivalents at end of period	$ 144,974	$ 125,140
Interest paid	$ 141,191	$ 154,165

Income taxes paid, net	$ 128,850	$ 112,180
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<FN>
* Certain prior year amounts have been reclassified to conform with the 1998 presentation and to reflect discontinued operations.
</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, 1998 and December 31, 1997, the results of its operations for the three months and nine months ended September 30, 1998 and 1997 and its cash flows for the nine months ended September 30, 1998 and 1997 have been included. Operating results for the three and nine months ended September 30, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. These statements should be read in conjunction with the financial statements and notes thereto included in the company's 1997 Annual Report to Stockholders on Form 10-K.

Note 2:

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 (GECC), a subsidiary of the General Electric Company. The company received approximately $790 million at closing, which approximates the book value of the net assets sold or otherwise disposed of and related transaction costs. The transaction is subject to post closing adjustments pursuant to the terms of the purchase agreement with GECC entered into on October 12, 1998.

Operating results of CPLC have been segregated and reported as discontinued operations for the three and nine months ended September 30, 1998. Prior year results have been reclassified to conform to the current year presentation. Net assets of discontinued operations have been separately classified in the Consolidated Balance Sheet at September 30, 1998. Cash flow impacts of discontinued operations have not been segregated in the Consolidated Statements of Cash Flows. Revenue of CPLC was $32.0 million and $38.1 million for the three months ended September 30, 1998 and 1997, respectively, and $102.1 million and $110.4 million for the nine months ended September 30, 1998 and 1997, respectively. Income from discontinued operations includes allocated interest expense of $9.6 million and $12.1 million for the three months ended September 30, 1998 and 1997, respectively, and $30.6 million and $34.0 million for the nine months ended September 30, 1998 and 1997, respectively. Interest expense has been allocated based on CPLC's intercompany borrowing levels with Pitney Bowes Credit Corporation (PBCC), charged at PBCC's weighted average borrowing rate.

Note 3:

Inventories are comprised of the following:

(Dollars in thousands)	September 30, 1998	December 31, 1997
Raw materials and work in process	$ 54,671	$ 51,429
Supplies and service parts	93,096	93,064
Finished products	87,801	104,714
Total	$ 235,568	$ 249,207

Note 4:

Fixed assets are comprised of the following:

(Dollars in thousands)	September 30, 1998	December 31, 1997
Property, plant and equipment	$ 1,133,112	$ 1,120,325
Accumulated depreciation	(663,002)	(623,064)
Property, plant and equipment, net	$ 470,110	$ 497,261
Rental equipment and related inventories	$ 1,674,693	$ 1,577,370
Accumulated depreciation	(870,955)	(789,335)
Rental equipment and related inventories, net	$ 803,738	$ 788,035
Property leased under capital leases	$ 19,382	$ 20,507
Accumulated amortization	(15,473)	(16,111)
Property leased under capital leases, net	$ 3,909	$ 4,396

Note 5:

On September 30, 1998, certain partnerships controlled by affiliates of PBCC, a wholly owned subsidiary of the company, issued a total of $282 million of Series A and Series B Secured Floating Rate Senior Notes (the Notes). The Notes are due in 2001 and bear interest at a floating rate of LIBOR plus 0.65 percent, set as of the quarterly interest payment dates. The proceeds from the Notes were used to purchase subordinated debt obligations from the company (PBI Obligations). The PBI Obligations have a principal amount of $282 million and bear interest at a floating rate of LIBOR plus 1.0 percent, set as of the Notes' quarterly interest payment dates.

On July 15, 1998, PBCC filed a shelf registration with the Securities and Exchange Commission (SEC) which permits issuance of up to $750 million in debt securities.

On April 29, 1998, the company filed a non-financial services shelf registration with the SEC which combined with $32 million remaining under a previous shelf registration statement permits issuance of up to $500 million in debt securities. On September 25, 1998, the company established a medium-term note facility (MTN facility) under this shelf registration. The MTN facility permits issuance from time to time of up to $500 million of medium-term notes with maturities of nine months or more from the date of issuance. At September 30, 1998, the entire $500 million remained available.

On January 22, 1998, the company issued notes amounting to $300 million remaining under a non-financial services shelf registration filed with the SEC. These unsecured notes bear annual interest at 5.95% and mature in February 2005.

The net proceeds from these notes were used for general corporate purposes, including the repayment of short-term debt.

On January 16, 1998, PBCC issued notes amounting to $250 million remaining under a shelf registration filed with the SEC. These unsecured notes bear annual interest at 5.65% and mature in January 2003. The proceeds from these notes are being used for PBCC's financing needs during 1998.

Note 6:
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A reconciliation of the basic and diluted earnings per share computations for the three months ended September 30, 1998 and 1997 is as follows (in thousands, except per share data):

	1998			1997*		
	Income	Shares	Per Share	Income	Shares	Per Share
Income from continuing operations	$ 139,219			$ 124,182		
Less:						
Preferred stock dividends	-			(1)		
Preference stock dividends	(40)			(44)		
Basic earnings per share	$ 139,179	273,868	$ .51	$ 124,137	287,282	$ .43
Effect of dilutive securities:						
Preferred stock	-	17		1	22	
Preference stock	40	1,236		44	1,342	
Stock options		2,897			2,280	
Other		695			263	
Diluted earnings per share	$ 139,219	278,713	$ .50	$ 124,182	291,189	$ .43

A reconciliation of the basic and diluted earnings per share computations for the nine months ended September 30, 1998 and 1997 is as follows (in thousands, except per share data):

	1998			1997*		
	Income	Shares	Per Share	Income	Shares	Per Share
Income from continuing operations	$ 405,537			$ 368,949		
Less:						
Preferred stock dividends	-			(1)		
Preference stock dividends	(124)			(135)		
Basic earnings per share	$ 405,413	276,028	$ 1.47	$ 368,813	290,929	$ 1.27
Effect of dilutive securities:						
Preferred stock	-	17		1	22	
Preference stock	124	1,263		135	1,365	
Stock options		2,812			1,938	
Other		547			268	
Diluted earnings per share	$ 405,537	280,667	$ 1.44	$ 368,949	294,522	$ 1.26

<FN>
* Adjusted to reflect discontinued operations.
</FN>

Note 7:
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Revenue and operating profit by business segment for the three and nine months ended September 30, 1998 and 1997 were as follows:

(Dollars in thousands)	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997*	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997*
Revenue				
Business equipment	$ 830,450	$ 779,672	$ 2,446,692	$ 2,304,156
Business services	181,635	142,270	507,396	408,721
Commercial and industrial financing	40,318	52,682	119,308	156,883
Total revenue	$ 1,052,403	$ 974,624	$ 3,073,396	$ 2,869,760
Operating Profit(1):				
Business equipment	$ 213,162	$ 186,436	$ 615,945	$ 542,464
Business services	20,657	13,413	53,497	35,692
Commercial and industrial financing	11,482	7,455	32,029	32,569
Total operating profit	$ 245,301	$ 207,304	$ 701,471	$ 610,725

<FN>
<F1>*Reclassified to reflect discontinued operations.

<F2>(1) Operating profit excludes general corporate expenses, income taxes, and net interest other than that related to finance operations.
</FN>

Note 8:

Comprehensive income for the three and nine months ended September 30, 1998 and 1997 was as follows:

(Dollars in thousands)	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
Net income	$ 141,586	$ 127,805	$ 413,290	$ 378,821
Other comprehensive income:				
Foreign currency translation adjustments	(15,918)	(13,413)	(27,200)	(34,593)
Comprehensive income	$ 125,668	$ 114,392	$ 386,090	$ 344,228

Note 9:

In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", was issued. This statement is effective for all fiscal quarters of fiscal years beginning after June 15, 1999 (January 1, 2000 for the company) and 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.

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

Results of Operations - third quarter of 1998 vs. third quarter of 1997

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 (GECC), a subsidiary of the General Electric Company. As a result, CPLC's results have been excluded from continuing operations. The company received approximately $790 million at closing, which approximates the book value of the net assets sold or otherwise disposed of and related transaction costs. The transaction is subject to post closing adjustments pursuant to the terms of the purchase agreement with GECC entered into on October 12, 1998. Proceeds from the sale will be used to reinvest in core businesses around the world, pay down consolidated debt and repurchase shares of the company's stock.

Revenue increased eight percent in the third quarter of 1998 to $1,052.4 million compared with $974.6 million in the third quarter of 1997. Income from continuing operations increased 12.1 percent to $139.2 million from $124.2 million for the same period in 1997. Diluted earnings per share from continuing operations grew to 50 cents, a 17.4 percent increase from the third quarter of 1997. Revenue growth was 10 percent, excluding revenue from the Commercial and Industrial Financing segment. The decrease in Commercial and Industrial Financing revenue resulted from the planned reductions in the external lease financing portfolio.

Third quarter 1998 revenue included $488.6 million from sales, up nine percent from $449.9 million in the third quarter of 1997; $435.6 million from rentals and financing, up eight percent from $404.0 million; and $128.3 million from support services, up six percent from $120.7 million.

In the Business Equipment segment, which includes Mailing Systems and Office Systems operations, revenue grew seven percent and operating profit increased 14 percent during the third quarter.

Mailing Systems' revenue grew six percent during the quarter; excluding the impact of foreign currency exchange rates primarily in Canada, Australia and Japan, revenue grew seven percent. This growth was driven by strong customer demand for advanced mailing equipment and systems, particularly at the high end, and ongoing migration to advanced electronic and digital metering technology. The company continued to lead the market conversion to more advanced technology, with electronic and digital meters comprising 85 percent of the company's installed U.S. meter base at September 30, 1998 compared with 70 percent at September 30, 1997.

Office Systems' revenue grew nine percent, which was driven by growth in both the facsimile and copier product lines. The company strengthened its solid positioning as the preeminent provider of advanced office systems with placements of the "Smart Image Plus" line of copiers, the addition of the high-volume, 62-copy-per-minute DL620 copier to the digital product line, and the latest 33.6 kbps facsimile--Model 9930.

In the Business Services segment, third quarter revenue grew 28 percent and operating profit grew 54 percent. The segment includes Pitney Bowes Management Services and Atlantic Mortgage and Investment Corporation. Both businesses in this segment continued to successfully broaden service offerings to existing customers and add new customers to their respective bases. Operating profit also continued to benefit from leveraging operating efficiencies. Operating profit improvements were partially offset by a revaluation of the company's assets due to a projected rise in future mortgage prepayments attributable to recent declines in interest rates.

As planned, revenue in the Commercial and Industrial Financing segment was down 23 percent as compared with the third quarter of 1997. Operating profit for the quarter declined eight percent after excluding a one-time charge associated with the asset sales to GATX Capital Corporation during the third quarter of 1997. On a reported basis, operating profit increased 54 percent compared to the third quarter of last year. The strategic disposition of earning assets during 1997 and continued reduction in 1998 resulted in the anticipated declines in revenue and operating profit. These reductions are part of the company's ongoing strategy to reduce the level of capital committed to asset financing while maintaining the ability to provide a full range of financial services to customers.

Cost of sales decreased to 57.8% of sales revenue in the third quarter of 1998 compared with 59.0% in the third quarter of 1997. This was due primarily to lower product costs at U.S. Mailing Systems and increased sales of high margin supplies at Office Systems. The improvement was achieved despite the offsetting effect of growth in the lower-margin management services business, which includes most of its expenses in cost of sales.

Cost of rentals and financing increased to 30.6% of related revenues in the third quarter of 1998 compared with 29.6% in the third quarter of 1997. This was due mainly to reduced revenues from the Commercial and Industrial Financing segment, the impact of increased revenues from the relatively lower-margin mortgage servicing business, and higher depreciation expense from increased placements of digital and electronic meters.

Selling, service and administrative expenses were 34.5% of revenues in the third quarter of 1998 compared with 34.9% in the third quarter of 1997. This improvement was due primarily to the company's continued emphasis on controlling operating expenses.

Research and development expenses increased 14.5 percent to $24.7 million in the third quarter of 1998 compared with $21.6 million in the third quarter of 1997. The increase reflects the company's continued commitment to developing new technologies for its digital meters and other mailing and software products.

Net interest expense decreased to $36.7 million in the third quarter of 1998 from $38.9 million in the third quarter of 1997. The decrease is due mainly to lower average borrowings in 1998 compared with 1997 resulting from the transaction with GATX Capital Corporation during 1997, and lower interest rates.

The effective tax rate for the third quarter of 1998 and 1997 was 34.4 percent.

Net income and diluted earnings per share increased 10.8 percent and 15.7 percent, respectively, in the third quarter of 1998 due to the factors discussed above. The reason for the increase in diluted earnings per share outpacing the increase in net income was the company's continuing share repurchase program.

Results of Operations - nine months of 1998 vs. nine months of 1997

For the first nine months of 1998 compared with the same period of 1997, revenue increased seven percent to $3,073.4 million while income from continuing operations increased 10 percent to $405.5 million. The factors that affected revenue and earnings performance included those cited for the third quarter of 1998 versus 1997.

New Pronouncements

In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", was issued. This statement is effective for all fiscal quarters of fiscal years beginning after June 15, 1999 (January 1, 2000 for the company) and 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.

Liquidity and Capital Resources

The ratio of current assets to current liabilities improved to .97 to 1 at September 30, 1998 compared with .73 to 1 at December 31, 1997. Excluding the impact of reclassifying the balance sheet to reflect net assets of discontinued operations in current assets, the ratio at September 30, 1998 is .82 to 1. The improvement was due primarily to an increase in short-term finance receivables and from the repayment of short-term debt.

On September 30, 1998, certain partnerships controlled by affiliates of Pitney Bowes Credit Corporation (PBCC), a wholly owned subsidiary of the company, issued a total of $282 million of Series A and Series B Secured Floating Rate Senior Notes (the Notes). The Notes are due in 2001 and bear interest at a floating rate of LIBOR plus 0.65 percent, set as of the quarterly interest payment dates. The proceeds from the Notes were used to purchase subordinated debt obligations from the company (PBI Obligations). The PBI Obligations have a principal amount of $282 million and bear interest at a floating rate of LIBOR plus 1.0 percent, set as of the Notes' quarterly interest payment dates.

On July 15, 1998, PBCC filed a shelf registration with the Securities and Exchange Commission (SEC) which permits issuance of up to $750 million in debt securities.

On April 29, 1998, the company filed a non-financial services shelf registration with the SEC which combined with $32 million remaining under a previous shelf registration statement permits issuance of up to $500 million in debt securities. On September 25, 1998, the company established a medium-term note facility (MTN facility) under this shelf registration. The MTN facility permits issuance from time to time of up to $500 million of medium-term notes with maturities of nine months or more from the date of issuance. At September 30, 1998, the entire $500 million remained available.

On January 22, 1998, the company issued notes amounting to $300 million remaining under a non-financial services shelf registration filed with the SEC. These unsecured notes bear annual interest at 5.95% and mature in February 2005. The net proceeds from these notes were used for general corporate purposes, including the repayment of short-term debt.

On January 16, 1998, PBCC issued notes amounting to $250 million remaining under a shelf registration filed with the SEC. These unsecured notes bear annual interest at 5.65% and mature in January 2003. The proceeds from these notes are being used for PBCC's financing needs during 1998.

The company believes that its financing needs for the next few years 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 69.3 percent at September 30, 1998 compared with 64.2 percent at December 31, 1997. Book value per common share decreased to $6.26 at September 30, 1998 from $6.69 at December 31, 1997 driven primarily by the repurchase of common shares. During the quarter ended September 30, 1998, the company repurchased 1.6 million common shares for $87.3 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 fix interest rates on commercial paper and/or obtain a lower interest cost on debt than the company otherwise would have been able to get without the swap.

Year 2000
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In 1997, the company established a formal worldwide program to identify and resolve the impact of the Year 2000 date processing issue on the company's business systems, products and supporting infrastructure. This included a comprehensive review of the company's information technology (IT) and non-IT systems, software, and embedded processors. The program structure has strong executive sponsorship and consists of a Year 2000 steering committee of senior business and technology management, a Year 2000 program office of full-time project management, and subject matter experts and dedicated business unit project teams. The company has also engaged independent consultants to perform periodic program reviews and assist in systems assessment and test plan development.

The program encompasses the following phases: an inventory of affected technology and critical third party suppliers, an assessment of Year 2000 readiness, resolution, unit and integrated testing and contingency planning. The company completed its worldwide inventory and assessment of all business systems, products, and supporting infrastructure. Required modifications are in progress and will be substantially complete by year-end 1998. Tests are performed as software is remediated, upgraded, or replaced. Integrated testing is expected to be complete by mid-1999.

As part of ongoing product development efforts, the company's recently introduced products are Year 2000 compliant. Over 95 percent of our installed product base, including all postage meters and copier and facsimile systems are already Year 2000 compliant. For products not yet compliant, upgrades or replacements will be available by mid-1999. Detailed product compliance information is available on the company's website(www.pitneybowes.com/year2000).

The company relies on third parties for many systems, products and services. The company could be adversely impacted if third parties do not make necessary changes to their own systems and products successfully and in a timely manner. We have established a formal process to identify, assess and monitor the Year 2000 readiness of critical third parties. This process includes regular meetings with critical suppliers, including telecommunication carriers and utilities, as well as business partners, including postal authorities. Although, there are no known problems at this time, the company is unable to predict with certainty whether such third parties will be able to address their Year 2000 problems on a timely basis.

The company estimates the total cost of the worldwide program from inception in 1997 through the Year 2000 to be approximately $41-46 million, of which approximately $22 million is expected to be incurred through December 31, 1998. These costs, which are funded through the company's cash flows, include both internal labor costs as well as consulting and other external costs. These costs are incorporated in the company's budgets and current forecasts and are being expensed as incurred.

The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect the company's results of operations, liquidity and financial condition. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from uncertainty about the Year 2000 readiness of third parties, the company is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on the company's results of operations, liquidity or financial condition. However, the company continues to evaluate its Year 2000 risks and is developing contingency plans to mitigate the impact of any potential Year 2000 disruptions. We expect to complete our contingency plans by the second quarter of 1999.

Capital Investments

In the first nine months of 1998, net investments in fixed assets included $62.4 million in net additions to property, plant and equipment and $157.5 million in net additions to rental equipment and related inventories compared with $66.7 million and $135.9 million, respectively, in the same period in 1997. 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, 1998, 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 1996, the United States Postal Service (USPS) issued a proposed schedule for the phaseout of mechanical meters in the United States. In accordance with the schedule, the company voluntarily halted new placements of mechanical meters in the U.S. as of June 1, 1996. As a result of the company's aggressive efforts to meet the USPS mechanical meter migration schedule combined with the company's ongoing and continuing investment in advanced postage evidencing technologies, at September 30, 1998, electronic and digital meters represented approximately 85 percent of the company's U.S. installed base, up from 75 percent at December 31, 1997 and 70 percent at September 30, 1997. Based on the announced USPS mechanical meter migration schedule, the company believes that the phaseout of mechanical meters will not cause a material adverse financial impact on the company.

In May 1995, the USPS 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. In July 1996, the USPS published for public comment draft specifications for the Indicium, Postal Security Device and Host specifications. The company submitted extensive comments to these specifications in November 1996. Revised specifications were then published in 1997 which incorporated many of the changes recommended by the company in its prior comments. The company submitted comments to these revised specifications. Also, in March 1997 the USPS published for public comment the Vendor Infrastructure specification to which the company responded on June 27, 1997. On August 26, 1998, the USPS published for public comment a consolidated and revised set of IBIP specifications entitled "Performance Criteria for Information Based Indicia and Security Architecture for IBI Postage Metering Systems" (the IBI Performance Criteria). The IBI Performance Criteria consolidated the four aforementioned IBIP specifications and incorporated many of the comments previously submitted by the company. The company is in the process of drafting comments to the IBI Performance Criteria for submission to the USPS on November 30, 1998.

As of September 30, 1998, the company is in the process of finalizing the development of a PC product which satisfies the proposed IBIP specifications. This product is currently undergoing testing by the USPS and is expected to be ready for market upon final approval from the USPS.

Forward-looking Statements

The company wants to caution 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
- changes in interest rates

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 2: Changes in Securities

On October 22, 1998, the company issued 418,165 shares of its common stock to a financial institution in a transaction exempt from registration under the Securities Act of 1933, as amended, in reliance on Section 4(2) of the Securities Act. The company granted an option to repurchase these shares at an exercise price of $55.7577 per share on November 25, 1998.

Item 5: Other Information

The Board of Directors have amended and restated the company's by-laws to, among other things, clarify the advance notice procedures for stockholders wishing to bring a matter to a vote before a stockholders' meeting.

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

(a) Exhibits

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

(b) Reports on Form 8-K

On September 25, 1998, the company filed a Form 8-K relating to the establishment of a medium-term note program for the issuance from time to time of up to $500 million aggregated principal amount of medium-term Notes.

On October 19, 1998, PBCC filed a Form 8-K relating to the definitive agreement entered into with General Electric Capital Corporation (GECC), a subsidiary of General Electric Company, to sell its broker-oriented external financing business, Colonial Pacific Leasing Corporation (CPLC). In this transaction, the operations, employees and substantially all assets related to CPLC will be transferred to GECC.

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 16, 1998

/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
(3)(ii)	Amended By-Laws
(12)	Computation of ratio of earnings to fixed charges
(27)	Financial Data Schedule

PITNEY BOWES INC.

BY-LAWS

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1. Annual Meeting. The annual meeting of the stockholders for the election of directors and the transaction of such other business as may properly be brought before the meeting shall be held on such date, and at such place and time, as the Chairman of the Board or the Board of Directors shall designate.

Section 2. Special Meeting. Special meetings of the stockholders may be called by the Board of Directors, as provided in Article I, Section 7.

Section 3. Notice of Meetings. Subject to the provisions of the Restated Certificate of Incorporation and except as otherwise required by law, written notice of an annual or special meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days prior to the meeting to each stockholder entitled to vote at the meeting. In the case of a special meeting of stockholders, the purpose or purposes for which the meeting is called shall be set forth in the notice. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

Section 4. List of Stockholders. The Secretary or the Treasurer shall prepare and make, or cause the Transfer Agent to prepare and make, at least ten (10) days before every meeting of stockholders, a complete list, as of the record date, of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of, and the number of shares registered in the name of, each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders, or to vote in person or by proxy at any meeting of stockholders.

Section 5. Advance Notice Procedures. (a) General. The business to be conducted at any stockholders meeting of the Corporation and nominations for the election of directors of the Corporation's Board of Directors at any stockholders meeting of the Corporation shall be limited to such business and nominations as shall comply with the procedures set forth in this Article I and in Article II of these By-laws.

(b) Notification of Stockholder Business. At a special meeting of stockholders only such business shall be conducted as shall have been set forth in the notice of special meeting. At an annual meeting of stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise (a) properly requested to be brought before the meeting in accordance with this By-law by a stockholder of record entitled to vote in the election of directors generally, and (b) constitute a proper subject for stockholder action to be brought before such meeting.

For business to be properly brought before an annual meeting by the stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not later than 90 days in advance of such meeting. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, and in the event that such business includes a proposal to amend the By-laws of the Corporation, the language of the proposed amendment, (b) the name and address, as they appear on the Corporation's books, of the stockholder intending to propose such business and the name and address of the beneficial owner, if any, on whose behalf the proposal is made, (c) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder and such beneficial owner, if any, (d) a representation that the stockholder is a holder of record of capital stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present such business, (e) any material interest of the stockholder and the beneficial owner in such business, and (f) a representation whether the stockholder and the beneficial owner, if any, intends or is part of a group which intends to (i) deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal and (ii) otherwise solicit proxies from stockholders in support of such proposal. Nominations for elections of directors at either an annual or special meeting of stockholders shall be made, if at all, in accordance with Section 6 of Article II of these By-laws.

Notwithstanding anything in the By-laws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 5. The chairman of the annual meeting may, if the facts warrant, determine and declare to the meeting that (i) the business proposed to be brought before the meeting was not a proper subject therefor and/or (ii) such business was not properly brought before the meeting and in accordance with the provisions of this Section 5, and/or (iii) the stockholder or beneficial owner has solicited or is part of a group which has solicited proxies in support of such proposal without having made the representation required by clause (f) of this Section 5, and, if the chairman should so determine, he may so declare to the meeting and any such proposed business shall not be transacted.

(c) Notice. For purposes of this Section 5, and Section 6 of Article II of these By-laws, reference to a requirement to deliver notice of information to the Corporation a set number of days in advance of an annual meeting shall mean that such notice must be delivered such number of days in advance of the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from the first anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered to the Corporation not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day on which notice of such meeting is first given to stockholders. For purposes of these By-laws, notice shall be deemed to be first given to stockholders when disclosure of such date is first made in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act").

(d) Notwithstanding the foregoing provisions of this Section 5, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 5 and in Article II, Section 6 of these By-laws. Nothing in this Section 5 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock to elect directors under specified circumstances.

Section 6. Adjournments. Subject to the provisions of Article I, Section 7 hereof, any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 7. Quorum and Voting. At any meeting of stockholders the holders of a majority of the shares entitled to vote thereat shall constitute a quorum for the transaction of any business. Directors shall be elected by a plurality of the votes cast. Each other question properly presented to any meeting of stockholders shall be decided by a majority of the votes cast on the question entitled to vote thereon, except as otherwise required by law. Elections of directors shall be by ballot but the vote upon any other question need be by ballot only if so ordered by the person presiding at the meeting, or by a vote of a majority of the stockholders, present in person or by proxy, entitled to vote on the question. In the event of lack of a quorum, the chairman of the meeting or majority in interest of the stockholders present in person or by proxy may adjourn the meeting from time to time until a quorum shall be obtained.

Treasury shares as of the record date shall not be shares entitled to vote or to be counted in determining the total number of outstanding shares.

Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors.

Section 8. Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at such meeting by the person presiding over the meeting. The Board of Directors may (i) appoint a person to preside over meetings of stockholders (in the absence of the Chairman of the Board, the Chief Executive Officer and the President), and (ii) adopt by resolution such rules and regulations for the conduct of meetings of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman shall permit; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

Section 9. Inspectors of Election. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his ability.

The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such

certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Powers of Board. The business of the Corporation shall be managed by or under the direction of the Board of Directors. Section 2. Number, Election and Terms. Except as otherwise fixed by or pursuant to the provisions of Article Fourth of the Restated Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, the number of the directors of the Corporation shall be fixed from time to time by the Board of Directors but shall not be less than three. The directors, other than those who may be elected by the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as determined by the Board of Directors of the Corporation, one class to be originally elected for a term expiring at the annual meeting of stockholders to be held in 1985, another class to be originally elected for a term expiring at the annual meeting of stockholders to be held in 1986, and another class to be originally elected for a term expiring at the annual meeting of stockholders to be held in 1987, with each class to hold office until its successor is elected and qualified at each annual meeting of the stockholders of the Corporation, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election.

Section 3. Stockholder Nomination of Director Candidates. Advance notice of stockholder nominations for the election of directors shall be given in the manner provided in Article II, Section 6 of these By-laws.

Section 4. Newly Created Directorships and Vacancies. Except as otherwise provided for or fixed by or pursuant to the provisions of Article Fourth of the Restated Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 5. Removal. Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any director may be removed from office, with or without cause and only by the affirmative vote of the holders of 80% of the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class.

Section 6. Notification of Nominations. Only such persons who are nominated in accordance with the procedures set forth in this Section 6 shall be eligible to be elected at an annual meeting or, in accordance with the provisions of Article I, Section 5 of these By-laws, a special meeting of stockholders of the Corporation to serve as directors. Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of directors may be made by the Board of Directors or a committee appointed by the Board of Directors by any stockholder of record entitled to vote in the election of directors generally. However, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been delivered, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than (i) with respect to an election to be held at an annual meeting of stockholders, 90 days in advance of such meeting, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to stockholders. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination (and of the beneficial owner, if any, on whose behalf the nomination is made) and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder (and beneficial owner, if any) and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; (e) the consent of each nominee to serve as a director of the Corporation if so elected; and (f) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends to (a) deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee(s) and (b) otherwise solicit proxies from stockholders in support of such nomination. The chairman of the meeting may refuse to acknowledge or permit the nomination of any person not made in compliance with the foregoing procedure or if the stockholder or beneficial owner has solicited or is part of a group which has solicited proxies in support of such nomination without having made the representations required by clause (f) of this Section 6.

Section 7. Quorum; Vote Required for Action. At all meetings of the Board of Directors a majority of the whole Board shall constitute a quorum for the transaction of business; but if at any meeting of the Board there is less than a quorum present, a majority of those present may adjourn the meeting from time to time. Except in cases in which the Restated Certificate of Incorporation or these By-laws otherwise provide, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. First Meeting. As soon as practicable after each annual election of directors, the Board of Directors shall meet for the purpose of organization and the transaction of other business. Notice of such meeting need not be given. In the alternative, such first meeting may be held at any other time which shall be specified in a notice given as hereinafter provided, for special meetings of the Board of Directors.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held, without notice, at such times and places as may be fixed by the Board.

Section 10. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the Chairman or by any two of the directors. Notice of each special meeting of the Board shall be given to each director either by mail not later than noon, New York time, on the third day prior to the meeting, or by electronic transmission, written message or orally to the director not later than noon, New York time, on the day prior to the meeting. Notices are deemed to have been given: by mail, when deposited in the United States mail; by electronic transmission, at the time of transmission; and by messenger, at the time of delivery. Notices by mail, electronic transmission or messenger shall be sent to each director at the address designated by him for that purpose, or, if none has been designated, at his last known residence or business address.

A notice of meeting of the Board of Directors need not specify the purpose of any meeting of the Board of Directors.

Section 11. Organization. The Chairman of the Board of Directors shall preside at meetings of the Board; in the Chairman's absence, a member of the Board selected by the members present shall preside at meetings of the Board. The Secretary of the Corporation shall act as Secretary, but in his absence the presiding officer may appoint a Secretary.

Section 12. Resignations. Any director of the Corporation may resign at any time by giving written notice to the Board of Directors or to the Chairman or to the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, or if no time is specified, upon receipt thereof. Unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy created by a resignation may be filled in the same manner as prescribed under Article II, Section 4, hereof.

Section 13. Compensation of Directors. The Board of Directors shall have authority to fix the compensation and provide for the reimbursement of expenses of directors in respect of their service in any capacity.

Section 14. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

Section 15. Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to these By-laws.

ARTICLE III

OFFICERS

Section 1. Election; Term of Office. The officers of the Corporation shall be elected by and shall serve at the pleasure of the Board of Directors. There may be a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board of Directors may determine. Subject to the provisions of these By-laws, officers shall hold their offices until their successors are elected and qualified or until their earlier death, resignation or removal. Any number of offices may be held by the same person.

Section 2. Powers and Duties. The officers of the Corporation shall have such authority and perform such duties in the management of the Corporation as may be prescribed by the By-laws, or by the Board of Directors, and to the extent not so prescribed pursuant to the By-laws, they shall have such authority and perform such duties in the management of the Corporation, subject to the control of the Board, as generally pertain to their respective offices.

Section 3. Chairman of the Board. The Chairman of the Board shall preside at the meetings of the Board and of stockholders and shall see that all orders and resolutions of the Board are carried into effect.

Section 4. Chief Executive Officer. The Chief Executive Officer shall have general and active supervision and management of the business of the Corporation. In the absence of the Chairman, he shall preside at meetings of stockholders.

Section 5. President. The President shall be the chief operating officer of the Corporation. In the absence of the Chairman and the Chief Executive Officer, he shall preside at meetings of stockholders.

Section 6. Resignation, Removal and Vacancies. Any officer may resign at any time upon written notice to the Corporation. Any officer elected by the Board of Directors may be removed at any time, with or without cause, by the affirmative vote of a majority of a quorum of directors. The Board of Directors may fill any vacancies resulting from death, resignation, or removal of an officer in the same manner as provided for the election or appointment of such person.

ARTICLE IV

OTHER MATTERS

Section 1. Corporate Seal. The corporate seal shall be in such form as the Board of Directors shall prescribe. Said seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise used. The Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer may affix the seal to any instrument signed by a duly authorized officer, or when specifically authorized by the Board of Directors, and may attest the same. Unless otherwise provided by the Board of Directors, the seal may also be attested by any officer of the Corporation except the officer signing the instrument on behalf of the Corporation.

Section 2. Waiver of Notice. Whenever any notice is required to be given under the Restated Certificate of Incorporation, the By-laws or otherwise by law, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

Section 3. Voting of Stocks Owned by the Corporation. The Chairman of the Board of Directors or such other person as the Board of Directors may designate shall be authorized to attend, vote and grant proxies to be used at any meeting of stockholders of any corporation in which the Corporation may hold stock.

Section 4. By-law Amendment. Subject to the provisions of the Restated

Certificate of Incorporation, these By-laws may be altered, amended or repealed at any regular meeting of the stockholders (or at any special meeting thereof duly called for that purpose) by a majority of the votes cast on the question entitled to vote thereon; provided that in the notice of such special meeting notice of such purpose shall be given. Subject to the laws of the State of Delaware, the Restated Certificate of Incorporation and these By-laws, the Board of Directors may, by majority vote of those present at any meeting at which a quorum is present, amend these By-laws or enact such other By-laws as in their judgment may be advisable for the regulation of the conduct of the affairs of the Corporation.

Section 5. Construction. The masculine gender, where appearing in these By-laws, shall be deemed to include the feminine gender.

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,	
	1998	1997	1998	1997
Income from continuing operations before income taxes	$ 212,339	$ 189,303	$ 618,466	$ 562,928
Add:				
Interest expense	40,991	41,163	122,583	123,870
Portion of rents representative of the interest factor	11,038	13,252	33,517	34,145
Amortization of capitalized interest	243	243	730	730
Minority interest in the income of subsidiary with fixed charges	3,074	3,153	9,203	8,184
Income as adjusted	$ 267,685	$ 247,114	$ 784,499	$ 729,857
Fixed charges:				
Interest expense	$ 40,991	$ 41,163	$ 122,583	$ 123,870
Portion of rents representative of the interest factor	11,038	11,319	33,517	33,872
Minority interest, excluding taxes, in the income of subsidiary with fixed charges	4,689	4,807	14,035	12,487
	$ 56,718	$ 57,289	$ 170,135	$ 170,229
Ratio of earnings to fixed charges	4.72	4.31	4.61	4.29
Ratio of earnings to fixed charges excluding minority interest	5.09	4.65	4.97	4.58

<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.
</FN>

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

TAGGING FOR EXHIBIT: FINANCIAL DATA SCHEDULE
Exhibit (27)
<ARTICLE> 5
<LEGEND>
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.
</LEGEND>
<MULTIPLIER> 1,000

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<FN>
<F1> Receivables are comprised of gross trade receivables of $368,988 and short-term finance receivables of $1,479,143. Allowances are comprised of allowances for trade receivables of $22,513 and for short-term finance receivables of $43,348.
<F2> Property, plant and equipment are comprised of gross fixed assets of $1,133,112 and rental equipment and related inventories of $1,674,693. Depreciation is comprised of depreciation on fixed assets of $663,002 and on rental equipment and related inventories of $870,955.
</FN>