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PITNEY BOWES INC /DE/  
Form 8-K  
April 19, 2002

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

FORM 8 - K  
CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 18, 2002

PITNEY BOWES INC.

Commission File Number: 1-3579

State of Incorporation  
Delaware

IRS Employer Identification No.  
06-0495050

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

Item 5 - Other Events.

The registrant's press release dated April 18, 2002 regarding its financial results for the period ended March 31, 2002 including consolidated statements of income and selected segment data for the three months ended March 31, 2002 and 2001, and consolidated balance sheets at March 31, 2002, December 31, 2001 and March 31, 2001 are attached.

The Company is clarifying the last sentence that appears on page two of its Notice of 2002 Annual Meeting and Proxy Statement. As originally filed and mailed, it stated that a broker holding shares in "street" name may vote shares on all agenda proposal items even without instructions from the beneficial owner of the shares. The corrected statement is: "Under New York Stock Exchange rules, if your broker holds your shares in its `street' name, the broker may vote your shares on proposals 1 and 2 even if it does not receive instructions from you. Your broker may not vote on proposal 3 unless it receives instructions from you."

Item 7 - Financial Statements and Exhibits.

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c. Exhibits.

The following exhibits are furnished in accordance with the provisions of Item 601 of Regulation S-K:

| Exhibit | Description   |
|---------|---|
| (1)     | Pitney Bowes Inc. press release dated April 18, 2002. |

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 hereunto duly authorized.

PITNEY BOWES INC.

April 19, 2002

/s/ B.P. Nolop

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B. P. Nolop  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

/s/ A.F. Henock

-----  
A. F. Henock  
Vice President - Finance  
(Principal Accounting Officer)

EXHIBIT 1

FOR IMMEDIATE RELEASE

PITNEY BOWES MEETS EARNINGS TARGET FOR FIRST QUARTER 2002

- 
- o Diluted Earnings Per Share of 53 Cents
  - o Revenue Growth of 9%
  - o Free Cash Flow of \$189 Million Excluding Special Items

STAMFORD, Conn., April 18, 2002 - Pitney Bowes Inc. (NYSE: PBI) today announced diluted earnings per share of 53 cents for the first quarter, which is consistent with previous guidance. This compares to 53 cents in 2001, excluding the impact of a restructuring charge, and 42 cents including the impact of the restructuring charge.

Revenue grew by nine percent to \$1.0 billion. Excluding the impact of foreign currency, revenue grew 10 percent.

Net income for the first quarter 2002 was \$129.5 million and free cash flow for the quarter was \$189 million excluding payments related to special

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items from the prior year. Including special items, free cash flow was \$168 million. The company repurchased 1.7 million shares during the quarter, leaving \$228 million of authorization for future share repurchases.

In describing the company's quarterly performance, Pitney Bowes Chairman and Chief Executive Officer Michael J. Critelli noted, "Our business delivered results in line with previous guidance, despite the effects of weak economies across many of our major markets around the world. During the quarter, some customers continued to delay their new purchase and upgrade decisions, especially for higher priced equipment. However, while the economic environment is difficult, it also highlights now more than ever, the value of our integrated mail and document management solutions for customers of all sizes. In addition, customers are more aware of the additional security our mailing systems and outsourcing services can provide to their operations."

(2)

"We are very pleased with the progress we have made integrating our recent acquisitions into the business and the resulting synergies. During the quarter, we also significantly enhanced our positioning for long-term growth with the introduction of several new products from each of our businesses. We also continued our steady stream of secure, technologically advanced, cost-effective solutions. Global Mailing introduced two new products to help businesses process their mail more efficiently: the U580 Mail Processor for the creation and distribution of professional looking mail, and the OfficeRight(TM) Mailer which saves time and money by automating envelope-inserting for low-volume mailings. Pitney Bowes Management Services announced a three-tiered, secure mail-handling service to match leading-edge technology and expertise with the customers' desired level of security. Document Messaging Technologies introduced a new high speed sorter, Olympus(TM) II MT, designed to enhance efficiency for high-volume pre-sort service bureaus and commercial mail centers, and received industry analyst Giga Information Group's highest rating for an electronic presentment and payment solution."

"We also continued to implement improvements in our customer-facing processes which will enhance our ability to deliver a quality customer experience while at the same time reducing our cost structure."

Mr. Critelli continued, "Pitney Bowes is about to enter an exciting phase in both the company's and the mailing industry's history. Later this month, we will introduce a new family of digital, networked mailing systems that will for the first time provide all our customers, as well as postal carriers, with convenient access to valuable postal services and information to help them manage their mail and document flow more effectively, securely and cost-efficiently than was ever possible. Our knowledge base, experience, constant innovation, and infrastructure upgrades make us well positioned to broaden our participation in the \$900 billion mail stream market."

(3)

The Global Mailing Segment includes worldwide revenue and related expenses from the sale, rental and financing of mail finishing, mail creation and shipping equipment, related supplies and services, postal payment solutions, small business solutions and software. In the first quarter, Global Mailing revenue increased three percent while operating profit declined one percent. Excluding revenue from the recent acquisitions of Bell & Howell's international operations and Secap SA, and foreign currency impacts, Global Mailing revenue was down one percent when compared to the prior year.

Global Mailing's business in the U.S. faced a similar business environment as in the fourth quarter. Also, it experienced a shift in product mix to lower margin products and services, resulting in slightly lower operating profit.

Within the Global Mailing segment, international mailing's double-digit

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revenue growth was supported by recent acquisitions and improving business trends in the UK. However, international revenues were adversely impacted by declines in revenue in both Canada and Germany.

The Enterprise Solutions Segment includes Pitney Bowes Management Services (PBMS) and Document Messaging Technologies (DMT). Revenues from Management Services include facilities management contracts for advanced mailing, reprographic, document management and other added-value services to large enterprises. Revenues from Document Messaging Technologies include sales, service and financing of high speed, software-enabled production mail systems, sorting equipment, incoming mail systems, electronic statement, billing and payment solutions, and mailing software. The Enterprise Solutions segment reported revenue growth of 26 percent and a decline in operating profit of seven percent.

PBMS reported revenue growth of 37 percent to \$234 million when compared to the prior year, and operating profit growth of 66 percent. Excluding the revenue from the recent acquisition of Danka Services International (DSI), PBMS revenue was flat for the quarter. Contraction in the financial services and technology industries had an adverse impact on PBMS' growth. However, there continues to be strong interest among many large enterprises for integrated mailroom and document management services as they seek enhanced operating efficiencies and security.

(4)

DMT reported revenue of \$57 million for the quarter, a decline of three percent from the prior year, with a substantially greater decline in operating profit. Slower placements of high margin equipment, an increase in lower margin service revenue and continued investment in new product development contributed to the decline in operating profit during the quarter.

Total Messaging Solutions, the combined results of the Global Mailing and Enterprise Solutions segments, showed a nine percent increase in revenue and a two percent decline in operating profit.

The Capital Services Segment includes primarily asset- and fee-based income generated by financing or arranging transactions of critical large-ticket customer assets. Revenue for the quarter declined three percent while operating profit increased 12 percent, which is consistent with the company's ongoing objective to shift to fee-based transactions.

Compared to the prior year, the company expects revenue growth for the second quarter of 2002 to be in the range of eight to ten percent and seven to eight percent for the full year. Diluted earnings per share are expected to be in the range of 58 to 60 cents for the second quarter 2002 and \$2.37 to \$2.40 for the full year.

First quarter 2002 revenue included \$541.2 million from sales, up 15 percent from \$471.5 million in the first quarter of 2001; \$370.2 million from rentals and financing, up one percent from \$368.0 million in 2001; and \$138.2 million from support services, up nine percent from \$126.9 million. Net income for the period was \$129.5 million, or 53 cents per diluted share compared to first quarter of 2001 net income of \$103.9 million or 42 cents per diluted share. Excluding the impact of the prior year restructuring charge, net income was \$131.6 million or 53 cents per diluted share in the first quarter of 2001.

Management of Pitney Bowes will discuss the company's financial results in a conference call today scheduled for 5:00 p.m. EDT. Instructions for listening to the conference call over the WEB are available on the Investor Relations page of the company's web site at [www.investorrelations.pitneybowes.com](http://www.investorrelations.pitneybowes.com).

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Pitney Bowes is a \$4 billion global provider of integrated mail, messaging and document management solutions headquartered in Stamford, Connecticut. For more information about the company, its products, services and solutions, visit [www.pitneybowes.com](http://www.pitneybowes.com).  
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(5)

The statements contained in this news release that are not purely historical are forward-looking statements with the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements may be identified by their use of forward-looking terminology such as the words "expects," "anticipates," "intends" and other similar words. Such forward-looking statements include, but are not limited to, statements about possible restructuring charges and our future guidance, including our expected revenue in the second quarter and full year 2002, and our expected diluted earnings per share from continuing operations for the second quarter and for the full year 2002. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to: severe adverse changes in the economic environment, timely development and acceptance of new products or gaining product approval; successful entry into new markets; changes in interest rates; and changes in postal regulations, as more fully outlined in the company's 2001 Form 10-K Annual Report filed with the Securities and Exchange Commission. In addition, the forward-looking statements are subject to change based on the timing and specific terms of any announced acquisitions. The forward-looking statements contained in this news release are made as of the date hereof and we do not assume any obligation to update the reasons why actual results could differ materially from those projected in the forward-looking statements.

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 Note: Consolidated statements of income for the three months ended March 31, 2002 and 2001, and consolidated balance sheets at March 31, 2002, December 31, 2001, and March 31, 2001, are attached.

Pitney Bowes Inc.  
 Consolidated Statements of Income

(Dollars in thousands, except per share data)

|                                       | (Unaudited)<br>Three Months Ended March 31, |            |
|---------------------------------------|---|------------|
|                                       | 2002  | 2001       |
|                                       | -----                                       | -----      |
| Revenue from:                         |   |            |
| Sales and management services         | \$ 541,199                                  | \$ 471,477 |
| Rentals and financing                 | 370,152                                     | 367,997    |
| Support services                      | 138,157                                     | 126,857    |
|                                       | -----                                       | -----      |
| Total revenue                         | 1,049,508                                   | 966,331    |
|                                       | -----                                       | -----      |
| Costs and expenses:                   |   |            |
| Cost of sales and management services | 334,270                                     | 278,357    |
| Cost of rentals and financing         | 90,667                                      | 90,837     |
| Selling, service and administrative   | 356,668                                     | 322,907    |
| Research and development              | 34,069                                      | 31,607     |
| Interest, net                         | 45,298                                      | 50,587     |
| Restructuring charge                  | -   | 43,157     |
|                                       | -----                                       | -----      |

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|  |             |            |
|--|-------------|------------|
| Total costs and expenses                               | 860,972     | 817,42     |
| Income before income taxes                             | 188,536     | 148,89     |
| Provision for income taxes                             | 59,019      | 44,96      |
| Net income   | \$ 129,517  | \$ 103,93  |
| Basic earnings per share                               |             |            |
| Net income   | \$ 0.54     | \$ 0.4     |
| Restructuring charge                                   | -           | 0.1        |
| Net income excluding restructuring charge              | \$ 0.54     | \$ 0.5     |
| Diluted earnings per share                             |             |            |
| Net income   | \$ 0.53     | \$ 0.4     |
| Restructuring charge                                   | -           | 0.1        |
| Net income excluding restructuring charge              | \$ 0.53     | \$ 0.5     |
| Average common and potential common shares outstanding | 244,288,147 | 249,760,55 |

Pitney Bowes Inc.  
Consolidated Balance Sheets

(Dollars in thousands, except per share data)

| Assets  | (Unaudited)<br>3/31/02 | 1  |
|---|------------------------|----|
| Current assets:   |                        |    |
| Cash and cash equivalents   | \$ 264,323             | \$ |
| Short-term investments, at cost which approximates market                           | 10,545                 |    |
| Accounts receivable, less allowances:<br>3/02 \$32,199 12/01 \$32,448 3/01 \$25,860 | 394,692                |    |
| Finance receivables, less allowances:<br>3/02 \$64,427 12/01 \$61,451 3/01 \$43,184 | 1,598,463              | 1, |
| Inventories   | 172,804                |    |
| Other current assets and prepayments  | 148,063                |    |
| Net assets of discontinued operations   | -                      |    |
| Total current assets  | 2,588,890              | 2, |

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|   |              |       |
|---|--------------|-------|
| Property, plant and equipment, net              | 537,850      |       |
| Rental equipment and related inventories, net   | 450,582      |       |
| Property leased under capital leases, net       | 1,193        |       |
| Long-term finance receivables, less allowances: |              |       |
| 3/02 \$66,913 12/01 \$65,967 3/01 \$53,681      | 1,816,210    | 1,    |
| Investment in leveraged leases                  | 1,368,729    | 1,    |
| Goodwill, net of amortization:                  |              |       |
| 3/02 \$70,697 12/01 \$70,697 3/01 \$60,423      | 668,908      |       |
| Other assets                                    | 818,002      |       |
| Net assets of discontinued operations           | -            |       |
|   | -----        | ----- |
| Total assets                                    | \$ 8,250,364 | \$ 8, |
|   | =====        | ===== |
| Liabilities and stockholders' equity            |              |       |
| -----   |              |       |
| Current liabilities:                            |              |       |
| Accounts payable and accrued liabilities        | \$ 1,367,091 | \$ 1, |
| Income taxes payable                            | 290,024      |       |
| Notes payable and current portion of            |              |       |
| long-term obligations                           | 1,452,711    | 1,    |
| Advance billings                                | 321,264      |       |
|   | -----        | ----- |
| Total current liabilities                       | 3,431,090    | 3,    |
|   | -----        | ----- |
| Deferred taxes on income                        | 1,260,820    | 1,    |
| Long-term debt                                  | 2,015,906    | 2,    |
| Other noncurrent liabilities                    | 347,136      |       |
|   | -----        | ----- |
| Total liabilities                               | 7,054,952    | 7,    |
|   | -----        | ----- |
| Preferred stockholders' equity in a             |              |       |
| subsidiary company                              | 310,000      |       |
| Stockholders' equity:                           |              |       |
| Cumulative preferred stock, \$50 par value,     |              |       |
| 4% convertible                                  | 24           |       |
| Cumulative preference stock, no par value,      |              |       |
| \$2.12 convertible                              | 1,552        |       |
| Common stock, \$1 par value                     | 323,338      |       |
| Capital in excess of par value                  | 2,013        |       |
| Retained earnings                               | 3,716,613    | 3,    |
| Accumulated other comprehensive income          | (154,304)    | (     |
| Treasury stock, at cost                         | (3,003,824)  | (2,   |
|   | -----        | ----- |
| Total stockholders' equity                      | 885,412      |       |
|   | -----        | ----- |
| Total liabilities and stockholders' equity      | \$ 8,250,364 | \$ 8, |
|   | =====        | ===== |

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Pitney Bowes Inc.  
 Revenue and Operating Profit  
 By Business Segment  
 March 31, 2002  
 (Unaudited)

(Dollars in thousands)

|                           | 2002         | 2001 (2)   |
|---------------------------|--------------|------------|
|                           | -----        | -----      |
| First Quarter             |              |            |
| -----                     |              |            |
| Revenue                   |              |            |
| -----                     |              |            |
| Global Mailing            | \$ 712,091   | \$ 688,224 |
| Enterprise Solutions      | 291,390      | 230,590    |
|                           | -----        | -----      |
| Total Messaging Solutions | 1,003,481    | 918,814    |
|                           | -----        | -----      |
| Capital Services          | 46,027       | 47,509     |
|                           | -----        | -----      |
| Total Revenue             | \$ 1,049,508 | \$ 966,323 |
|                           | =====        | =====      |
| Operating Profit (1)      |              |            |
| -----                     |              |            |
| Global Mailing            | \$ 201,581   | \$ 204,329 |
| Enterprise Solutions      | 17,581       | 18,819     |
|                           | -----        | -----      |
| Total Messaging Solutions | 219,162      | 223,148    |
|                           | -----        | -----      |
| Capital Services          | 19,707       | 17,547     |
|                           | -----        | -----      |
| Total Operating Profit    | \$ 238,869   | \$ 240,695 |
|                           | =====        | =====      |