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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following information is furnished pursuant to Item 2.02 "Disclosure of Results of Operations and Financial Condition."

On October 25, 2004, the registrant issued a press release setting forth its financial results, including consolidated statements of income, selected segment data, and a reconciliation of GAAP results to adjusted results for the three and nine months ended September 30, 2004 and 2003, and consolidated balance sheets at September 30, 2004, June 30, 2004 and September 30, 2003. A copy of its press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

ITEM 9.01. Financial statements and exhibits

(c) Exhibits

99.1 Press release of Pitney Bowes Inc. dated October 25, 2004

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.

October 25, 2004

/s/ B.P. Nolop

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

/s/ J.R. Catapano

J. R. Catapano
Controller
(Principal Accounting Officer)

PITNEY BOWES RESULTS IN LINE WITH GUIDANCE FOR THIRD QUARTER 2004

- o Revenue Growth of 7%
- o GAAP Earnings Per Share Growth of 16%
- o Cash from Operations of \$214 Million
- o Acquisition of Ancora Capital Announced in October

STAMFORD, Conn., October 25, 2004 - Pitney Bowes Inc. (NYSE: PBI) today announced third quarter 2004 revenue and earnings performance in line with previous guidance.

Commenting on the company's performance, Chairman and CEO Michael J. Critelli said, "During the quarter we continued to leverage near-term opportunities, while executing our longer-term strategies for sustained growth. We also continued our evolution toward a one-company approach to our customers by appointing a president and chief operating officer.

"We lead the industry in providing advanced technologies for mailers of all sizes, having rebuilt virtually all of our product lines in the last five years in mail finishing, mail creation, production mail, and distribution solutions. As our new products sustained positive market acceptance worldwide, we continued to see good results in mail services, small business solutions, supplies, payment solutions, software, and international operations. At the same time, we laid the foundation for future growth with the ongoing integration of Group1's customer communication and address management software suite with our existing software and service capabilities, and the continued expansion of our national presort network with the announced acquisition of Ancora. By enhancing our core businesses and adding strategic acquisitions, we are on track to deliver greater shareholder and customer value now and in the future."

Revenue for the quarter grew seven percent to \$1.22 billion and net income was \$136.5 million or \$.58 per diluted share, representing a 16 percent increase compared to the previous year. During the quarter, the company recorded an after-tax charge of \$10 million as part of its previously announced restructuring program. Excluding this restructuring charge, net income was \$146.5 million and diluted earnings per share were \$.63. Non-core Capital Services financing contributed \$.02 per diluted share this quarter compared to \$.04 per diluted share in the third quarter of 2003.

The company generated \$214 million in cash from operations during the quarter. Subtracting \$79 million in capital expenditures and excluding \$15 million in payments associated with restructuring initiatives, free cash flow was \$149 million. During the quarter the company repurchased approximately 936,000 of its shares for \$40 million, leaving \$225 million of authorization for future share repurchases.

In the Global Mailstream Solutions Segment revenue and earnings before interest and taxes (EBIT) increased five percent during the quarter. Similar to previous quarters, revenue trends also reflect the ongoing changing mix of the product line, where a greater percentage of the revenue is coming from more fully featured smaller systems, supplies, payment solutions, software and services and less from larger systems sales.

Non-U.S. revenue again grew at a double-digit rate as a result of both organic growth throughout most of Europe and favorable foreign currency exchange rates. In particular, revenue in the UK increased at a double-digit rate on a local currency basis because of the positive customer reception to new digital mailing systems and strong placements of the company's industry leading Advanced Productivity System TM (APS) production mail equipment.

In the Global Enterprise Solutions Segment revenue grew 16 percent and

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EBIT increased one percent.

Pitney Bowes Management Services (PBMS) reported revenue of \$264 million for the quarter, an increase of six percent compared with the prior year. Organic revenue was flat compared with the prior year as we continued to position the business to provide higher value services. EBIT and operating margin were comparable with the prior quarter and last year.

Document Messaging Technologies (DMT) reported revenue growth of 54 percent to \$96 million for the quarter and EBIT grew two percent. Excluding the impact of the recently acquired Group1 Software, DMT revenue increased 11 percent, driven by continued solid placements and orders for its inserting equipment. As expected, the integration costs of the Group1 acquisition had a negative impact on reported margins during the quarter. The integration of Group1 has gone exceptionally well and customers are very receptive to Group1's document composition and mail management software, which can help them to target, communicate with and respond to their customers on a more meaningful and cost effective basis.

In the Capital Services Segment, revenue declined 29 percent and EBIT declined 21 percent, consistent with our cessation of long-term lease origination in this business. During the quarter, we generated \$16 million in asset sales, including the sale of two leased commercial aircraft for approximately \$8 million. These sales had no material effect on the company's revenue or earnings during the quarter.

The company expects year-over-year revenue growth for the fourth quarter to be in the range of five to seven percent. The company is still finalizing future plans related to previously announced restructuring initiatives, a portion of which will be recorded in the fourth quarter of 2004. Therefore, earnings guidance is provided excluding the impact of these charges. Diluted earnings per share are expected to be in the range of \$.66 to \$.68 for the fourth quarter 2004.

In year-over-year comparisons, third quarter 2004 revenue included \$346.4 million from sales of equipment and supplies, up eight percent from the prior year; \$199.8 million from rentals, up two percent; \$158.2 million from core financing, up four percent; \$19.2 million from non-core financing down 39 percent; \$316.5 million from business services, up 15 percent; and \$177.5 million from support services, up 11 percent. Net income for the quarter was \$136.5 million, or \$.58 per diluted share, up 16 percent compared to the third quarter of 2003. Included in net income for the period was a \$16 million pre-tax restructuring charge. Excluding the after-tax impact of this charge, net income was \$146.5 million and diluted earnings per share were \$.63 in the third quarter of 2004, an increase of one percent compared to the prior year.

For the nine-month period ended September 30, 2004, total revenue was \$3.60 billion, up seven percent compared to the same period in 2003. Included in total revenue was \$1,016.2 million from sales of equipment and supplies, up eight percent; \$601.8 million from rentals, up three percent; \$475.2 million from core financing, up four percent; \$79.4 million from non-core financing down 11 percent; \$924.7 million from business services, up 12 percent; and \$497.9 million from support services, up eight percent. Net income for the period was \$397.8 million or \$1.70 per diluted share up 14 percent compared to 2003. Included in net income for the period was \$47 million in pre-tax restructuring charges. Excluding the after-tax impact of these charges, net income was \$427.8 million and diluted earnings per share were \$1.83, an increase of four percent versus the prior year.

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 <http://www.pb.com/investorrelations>.

Pitney Bowes engineers the flow of communication. The company is a \$4.6 billion global leader of integrated mail and document management solutions headquartered in Stamford, Connecticut. For more information about the company,

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its products, services and solutions, visit www.pitneybowes.com.

Pitney Bowes has presented in this earnings release net income and diluted earnings per share on an adjusted basis. Also, management has included a presentation of free cash flow on an adjusted basis and earnings before interest and taxes (EBIT).

Management believes this presentation provides a reasonable basis on which to present the adjusted financial information, and is provided to assist in investors' understanding of the Company's results of operations. The Company's financial results are reported in accordance with generally accepted accounting principles (GAAP). However, the earnings per share and free cash flow results are adjusted to exclude the impact of special items such as restructuring charges and write downs of assets, which materially impact the comparability of the Company's results of operations. The adjusted financial information and certain financial measures such as EBIT are intended to be more indicative of the ongoing operations and economic results of the Company.

This adjusted financial information should not be construed as an alternative to our reported results determined in accordance with GAAP. Further, our definition of this adjusted financial information may differ from similarly titled measures used by other companies.

Pitney Bowes has provided in supplemental schedules attached for reference adjusted financial information and a quantitative reconciliation of the differences between the adjusted financial measures with the financial measures calculated and presented in accordance with GAAP, except with respect to our guidance because it would not be meaningful. Additional reconciliations of adjusted financial measures to financial measures calculated and presented in accordance with GAAP may be found at the Company's web site in the Investor Relations section at <http://www.pb.com/investorrelations>.

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 fourth quarter and full year 2004, and our expected diluted earnings per share for the fourth quarter and for the full year 2004. 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 2003 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 and nine months ended September 30, 2004 and 2003, and consolidated balance sheets at September 30, 2004, June 30, 2004, and September 30, 2003, are attached.

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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,	
	2004	2003 (1)	2004	2003 (1)
Revenue from:				
Sales	\$ 346,397	\$ 322,123	\$ 1,016,199	\$ 940,7
Rentals	199,768	196,442	601,841	586,4
Business services	316,462	275,809	924,743	827,7
Support services	177,480	159,329	497,925	461,0
Core financing	158,181	152,134	475,197	456,6
Non-core financing	19,234	31,312	79,440	89,1
Total revenue	1,217,522	1,137,149	3,595,345	3,361,8
Costs and expenses:				
Cost of sales	152,255	143,792	463,548	431,2
Cost of rentals	39,193	42,459	123,970	127,5
Cost of business services	262,843	227,821	761,425	680,1
Cost of support services	89,923	82,701	260,660	241,8
Cost of non-core financing	-	-	13,017	
Selling, general and administrative	372,424	349,368	1,099,474	1,039,1
Research and development	42,629	35,004	117,563	109,7
Restructuring charge	15,582	43,109	46,854	96,4
Interest, net	42,035	41,101	124,227	124,5
Total costs and expenses	1,016,884	965,355	3,010,738	2,850,7
Income before income taxes	200,638	171,794	584,607	511,0
Provision for income taxes	64,122	53,340	186,779	159,7
Net income	\$ 136,516	\$ 118,454	\$ 397,828	\$ 351,2
Basic earnings per share	\$ 0.59	\$ 0.51	\$ 1.72	\$ 1.
Diluted earnings per share	\$ 0.58	\$ 0.50	\$ 1.70	\$ 1.
Average common and potential common shares outstanding	233,796,993	236,084,234	234,289,313	236,312,4

Pitney Bowes Inc.
Consolidated Balance Sheets
(Unaudited)

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(Dollars in thousands, except per share data)

Assets	9/30/04	6/30/04
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Current assets:		
Cash and cash equivalents	\$ 346,522	\$ 328,28
Short-term investments, at cost which approximates market	3,758	1,95
Accounts receivable, less allowances: 9/04, \$37,632; 6/04, \$38,096; 9/03, \$36,791	495,414	480,31
Finance receivables, less allowances: 9/04, \$69,382; 6/04, \$69,449; 9/03, \$60,897	1,355,727	1,339,26
Inventories	214,396	207,95
Other current assets and prepayments	199,912	198,01
	-----	-----
Total current assets	2,615,729	2,555,77
	-----	-----
Property, plant and equipment, net	680,048	662,01
Rental equipment and related inventories, net	458,604	453,85
Property leased under capital leases, net	2,243	2,17
Long-term finance receivables, less allowances: 9/04, \$105,089; 6/04, \$111,111; 9/03, \$80,202	1,794,556	1,799,07
Investment in leveraged leases	1,554,844	1,541,18
Goodwill	1,298,944	1,003,00
Intangible assets, net	289,776	208,61
Other assets	850,267	856,68
	-----	-----
Total assets	\$ 9,545,011	\$ 9,082,36
	=====	=====
Liabilities and stockholders' equity:		

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,320,799	\$ 1,312,46
Income taxes payable	205,363	187,83
Notes payable and current portion of long-term obligations	1,097,551	1,151,35
Advance billings	404,012	383,85
	-----	-----
Total current liabilities	3,027,725	3,035,52
	-----	-----
Deferred taxes on income	1,760,054	1,715,41
Long-term debt	2,823,286	2,463,92
Other noncurrent liabilities	405,784	421,76
	-----	-----
Total liabilities	8,016,849	7,636,63
	-----	-----
Preferred stockholders' equity in a subsidiary company	310,000	310,00
Stockholders' equity:		
Cumulative preferred stock, \$50 par value, 4% convertible	19	1
Cumulative preference stock, no par value, \$2.12 convertible	1,255	1,26
Common stock, \$1 par value	323,338	323,33
Retained earnings	4,223,052	4,161,61

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Accumulated other comprehensive income	72,674	38,588
Treasury stock, at cost	(3,402,176)	(3,389,090)
	-----	-----
Total stockholders' equity	1,218,162	1,135,730
	-----	-----
Total liabilities and stockholders' equity	\$ 9,545,011	\$ 9,082,360
	=====	=====

Pitney Bowes Inc.
Revenue and EBIT
By Business Segment
September 30, 2004
(Unaudited)

(Dollars in thousands)

	2004	2003 (2)	% Change
	-----	-----	-----
Third Quarter			

Revenue			

Global Mailstream Solutions	\$ 827,708	\$ 784,888	5%
Global Enterprise Solutions	359,998	310,295	16%
Capital Services	29,816	41,966	(29%)
	-----	-----	-----
Total Revenue	\$ 1,217,522	\$ 1,137,149	7%
	=====	=====	=====
EBIT (1)			

Global Mailstream Solutions	\$ 259,396	\$ 247,218	5%
Global Enterprise Solutions	20,084	19,903	1%
Capital Services	20,457	25,864	(21%)
	-----	-----	-----
Total EBIT	299,937	292,985	2%
Unallocated amounts:			
Interest, net	(42,035)	(41,101)	
Corporate expense	(41,682)	(36,981)	
Restructuring charge	(15,582)	(43,109)	
	-----	-----	
Income before income taxes	\$ 200,638	\$ 171,794	
	=====	=====	

Pitney Bowes Inc.
Revenue and EBIT
By Business Segment
September 30, 2004
(Unaudited)

(Dollars in thousands)

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	2004	2003 (2)	% Change
Year to Date	-----	-----	-----
Revenue			

Global Mailstream Solutions	\$ 2,461,730	\$ 2,312,431	6%
Global Enterprise Solutions	1,022,799	928,970	10%
Capital Services	110,816	120,435	(8%)
	-----	-----	-----
Total Revenue	\$ 3,595,345	\$ 3,361,836	7%
	=====	=====	=====
EBIT (1)			

Global Mailstream Solutions	\$ 765,631	\$ 726,871	5%
Global Enterprise Solutions	56,306	53,132	6%
Capital Services	64,899	76,271	(15%)
	-----	-----	-----
Total EBIT	886,836	856,274	4%
Unallocated amounts:			
Interest, net	(124,227)	(124,560)	
Corporate expense	(131,148)	(124,212)	
Restructuring charge	(46,854)	(96,465)	
	-----	-----	
Income before income taxes	\$ 584,607	\$ 511,037	
	=====	=====	

Pitney Bowes Inc.
Reconciliation of Reported Consolidated Results to Adjusted Results
(Unaudited)

(Dollars in thousands, except per share amounts)

	Three months ended September 30,		Nine mont
	2004	2003	
	-----	-----	-----
GAAP income before income taxes, as reported	\$ 200,638	\$ 171,794	\$ 584
Restructuring charge	15,582	43,109	46
	-----	-----	-----
Income before income taxes, as adjusted	216,220	214,903	631
Provision for income taxes, as adjusted	69,728	68,859	203
	-----	-----	-----
Income, as adjusted	\$ 146,492	\$ 146,044	\$ 427
	=====	=====	=====

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GAAP diluted earnings per share, as reported	\$	0.58	\$	0.50	\$
Restructuring charge		0.04		0.12	
		-----		-----	
Diluted earnings per share, as adjusted	\$	0.63	\$	0.62	\$
		=====		=====	
GAAP net cash provided by operating activities, as reported	\$	213,856	\$	250,007	\$
Capital expenditures		(79,378)		(75,783)	
		-----		-----	
Free cash flow		134,478		174,224	501
Payments related to restructuring charge		14,684		18,032	44
		-----		-----	
Free cash flow, as adjusted	\$	149,162	\$	192,256	\$
		=====		=====	