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

FORM 10-Q

 X   QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
--- ACT OF 1934

For the quarterly period ended September 30, 2004

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
1 Elmcroft Road
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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ---

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act.) Yes X No ---

Number of shares of common stock, $1 par value, outstanding as of October 22, 2004 was 230,619,759.

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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, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Revenue from:				
Sales	$ 346,397	$ 322,123	$ 1,016,199	$ 940,777
Rentals	199,768	196,442	601,841	586,423
Business services	316,462	275,809	924,743	827,729
Support services	177,480	159,329	497,925	461,041
Core financing	158,181	152,134	475,197	456,691
Non-core financing	19,234	31,312	79,440	89,175
Total revenue	1,217,522	1,137,149	3,595,345	3,361,836
Costs and expenses:				
Cost of sales	152,255	143,792	463,548	431,268
Cost of rentals	39,193	42,459	123,970	127,567
Cost of business services	262,843	227,821	761,425	680,143
Cost of support services	89,923	82,701	260,660	241,863
Cost of non-core financing	-	-	13,017	-
Selling, general and administrative	372,424	349,368	1,099,474	1,039,170
Research and development	42,629	35,004	117,563	109,763
Restructuring charges (Note 9)	15,582	43,109	46,854	96,465
Interest, net	42,035	41,101	124,227	124,560
Total costs and expenses	1,016,884	965,355	3,010,738	2,850,799
Income before income taxes	200,638	171,794	584,607	511,037
Provision for income taxes	64,122	53,340	186,779	159,784
Net income	$ 136,516	$ 118,454	$ 397,828	$ 351,253
Basic earnings per share	$ .59	$ .51	$ 1.72	$ 1.50
Diluted earnings per share	$ .58	$ .50	$ 1.70	$ 1.49

Dividends declared per share of common stock...	$ .305	$ .30	$ .915	$ .90

See Notes to Consolidated Financial Statements

Pitney Bowes Inc.
Consolidated Balance Sheets

(Dollars in thousands, except share data)	September 30, 2004 (Unaudited)	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	$ 346,522	$ 293,812
Short-term investments, at cost which approximates market	3,758	28
Accounts receivable, less allowances: 9/04, $37,632; 12/03, $39,778	495,414	459,106
Finance receivables, less allowances: 9/04, $69,382; 12/03, $62,269	1,355,727	1,358,691
Inventories (Note 3)	214,396	209,527
Other current assets and prepayments	199,912	192,011
Total current assets	2,615,729	2,513,175
Property, plant and equipment, net (Note 4)	680,048	653,661
Rental equipment and related inventories, net (Note 4)	458,604	414,341
Property leased under capital leases, net (Note 4)	2,243	2,230
Long-term finance receivables, less allowances: 9/04, $105,089; 12/03, $78,915	1,794,556	1,654,419
Investment in leveraged leases	1,554,844	1,534,864
Goodwill (Note 11)	1,298,944	956,284
Intangible assets, net (Note 11)	289,776	203,606
Other assets	850,267	958,808
Total assets	$ 9,545,011	$ 8,891,388
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,320,799	$ 1,392,597
Income taxes payable	205,363	154,799
Notes payable and current portion of long-term obligations	1,097,551	728,658
Advance billings	404,012	370,915
Total current liabilities	3,027,725	2,646,969
Deferred taxes on income	1,760,054	1,659,226
Long-term debt (Note 5)	2,823,286	2,840,943
Other noncurrent liabilities	405,784	346,888
Total liabilities	8,016,849	7,494,026
Preferred stockholders' equity in a subsidiary company	310,000	310,000
Stockholders' equity:		
Cumulative preferred stock, $50 par value, 4% convertible	19	19
Cumulative preference stock, no par value, $2.12 convertible	1,255	1,315
Common stock, $1 par value	323,338	323,338
Retained earnings	4,223,052	4,057,654
Accumulated other comprehensive income (Note 8)	72,674	18,063
Treasury stock, at cost	(3,402,176)	(3,313,027)

Total stockholders' equity	1,218,162	1,087,362
Total liabilities and stockholders' equity	$ 9,545,011	$ 8,891,388

See Notes to Consolidated Financial Statements

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

(Dollars in thousands)	Nine Months Ended September 30, 2004	2003
Cash flows from operating activities:		
Net income	$ 397,828	$ 351,253
Nonrecurring charges, net	29,991	61,738
Nonrecurring payments	(44,848)	(41,754)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	225,737	212,883
Increase in deferred taxes on income	104,200	60,749
Change in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(519)	(4,085)
Net investment in internal finance receivables	10,656	(1,105)
Inventories	(621)	(7,838)
Other current assets and prepayments	(4,192)	(11,366)
Accounts payable and accrued liabilities	(31,418)	(26,428)
Income taxes payable	53,574	89,324
Advanced billings	(2,392)	3,311
Other, net	(10,178)	(10,839)
Net cash provided by operating activities	727,818	675,843
Cash flows from investing activities:		
Short-term investments	(1,711)	(1,781)
Capital expenditures	(226,225)	(214,138)
Net investment in capital services	76,650	208,455
Investment in leveraged leases	(31,938)	78,800
Reserve account deposits	23,115	32,139
Acquisitions, net of cash acquired	(358,361)	-
Other investing activities	(21,049)	(70,713)
Net cash (used in) provided by investing activities	(539,519)	32,762
Cash flows from financing activities:		
Increase (decrease) in notes payable, net	139,610	(598,651)
Proceeds from long-term obligations	348,869	1,025,985
Principal payments on long-term obligations	(328,961)	(860,016)
Proceeds from issuance of stock	51,591	39,836
Stock repurchases	(175,004)	(140,016)
Dividends paid	(211,903)	(210,974)
Net cash used in financing activities	(175,798)	(743,836)
Effect of exchange rate changes on cash	3,589	5,329
Increase (decrease) in cash and cash equivalents	16,090	(29,902)
Cash from consolidation of PBG Capital Partners LLC	36,620	-
Cash and cash equivalents at beginning of period	293,812	315,156

Cash and cash equivalents at end of period	$ 346,522	$ 285,254
Interest paid	$ 130,921	$ 144,634
Income taxes paid, net	$ 56,578	$ 39,910

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 accounting principles generally accepted in the United States of America (GAAP) for complete financial statements. In the opinion of the management 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, 2004 and December 31, 2003, the results of its operations for the three and nine months ended September 30, 2004 and 2003 and its cash flows for the nine months ended September 30, 2004 and 2003 have been included. Operating results for the three and nine months ended September 30, 2004 are not necessarily indicative of the results that may be expected for any other interim period or the year ending December 31, 2004. These statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the company's 2003 Annual Report to Stockholders on Form 10-K. Certain prior year amounts in the consolidated financial statements have been reclassified to conform to the current year presentation.

Note 2:

In December 2002, Statement of Financial Accounting Standards (FAS) No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," which amends FAS No. 123, "Accounting for Stock-Based Compensation," was issued. FAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and requires more prominent and more frequent disclosures in the financial statements of the effects of stock-based compensation. FAS No. 148 was effective January 1, 2003 for the company. The company adopted the disclosure-only provisions of this statement.

The company applies Accounting Principles Board (APB) Opinion No. 25 and related interpretations in accounting for its stock-based plans. Accordingly, no compensation expense has been recognized for its U.S. and U.K. Stock Option Plans (ESP) or its U.S. and U.K. Employee Stock Purchase Plans (ESPP), except for the compensation expense recorded for its performance-based awards under the ESP and the Directors' Stock Plan. If the company had elected to recognize compensation expense based on the fair value method as prescribed by FAS No. 123, net income and earnings per share for the three and nine months ended September 30, 2004 and 2003 would have been reduced to the following pro forma amounts:

(Dollars in thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net Income				
As reported	$ 136,516	$ 118,454	$ 397,828	$ 351,253
Deduct: Stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	(4,440)	(5,317)	(13,033)	(15,330)
Pro forma	$ 132,076	$ 113,137	$ 384,795	$ 335,923
Basic earnings per share				
As reported	$ .59	$ .51	$ 1.72	$ 1.50
Pro forma	$ .57	$ .49	$ 1.66	$ 1.43
Diluted earnings per share				

As reported	$ .58	$ .50	$ 1.70	$ 1.49
Pro forma	$ .56	$ .48	$ 1.64	$ 1.42

The fair value of each stock option and employee stock purchase right grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Three and Nine Months Ended September 30,	
	2004	2003
Expected dividend yield	2.9%	3.4%
Expected stock price volatility	23%	30%
Risk-free interest rate	3%	3%
Expected life (years)	5	5

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns or both. The company's ownership of the equity of PBG Capital Partners LLC (PBG) qualifies as a variable interest entity under FIN No. 46. PBG was formed with GATX Corporation in 1997 for the purpose of financing and managing certain leasing related assets. The company adopted the provisions of FIN No. 46 effective March 31, 2004. As a result, the company consolidated the operations of PBG on March 31, 2004. Prior to March 31, 2004, the company accounted for PBG under the equity method of accounting. PBG's minority interest of $70 million is included in other noncurrent liabilities in the Consolidated Balance Sheet at September 30, 2004. PBG's nonrecourse debt of $167 million is included in long-term debt and notes payable and current portion of long-term obligations in the Consolidated Balance Sheet at September 30, 2004. The consolidation of PBG did not have a material impact on the company's results of operations or cash flows.

In December 2003, FAS No. 132 (Revised), "Employer's Disclosure about Pensions and Other Postretirement Benefits," was issued. FAS No. 132 (Revised) retains the disclosure requirements of the original pronouncement and requires additional disclosures relating to assets, obligations, cash flows and net periodic benefit cost. The provisions of FAS No. 132 (Revised) were effective for fiscal years ending after December 15, 2003, except for certain disclosures which are effective for fiscal years ending after June 15, 2004. See Note 14 to the consolidated financial statements.

In May 2004, the FASB issued FASB Staff Position (FSP) No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." The FSP provides accounting guidance for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") to a sponsor of a postretirement health care plan that has concluded that prescription drug benefits available under the plan are actuarially equivalent and thus qualify for the subsidy under the Act. The provisions of FSP No. 106-2 were effective July 1, 2004 for the company. The company has concluded that the prescription drug benefits provided under its nonpension postretirement benefit plans are actuarially equivalent to the prescription drug benefits offered under Medicare Part D. The company adopted the provisions of FSP No. 106-2 on a prospective basis on July 1, 2004. See Note 14 to the consolidated financial statements.

Note 3:

Inventories are composed of the following:

(Dollars in thousands)	September 30, 2004	December 31, 2003

Raw materials and work in process	$ 92,511	$ 86,822
Supplies and service parts	64,435	55,159
Finished products	57,450	67,546
Total	$ 214,396	$ 209,527

Note 4:

Fixed assets are composed of the following:

(Dollars in thousands)	September 30, 2004	December 31, 2003
Property, plant and equipment	$ 1,682,966	$ 1,617,479
Accumulated depreciation	(1,002,918)	(963,818)
Property, plant and equipment, net	$ 680,048	$ 653,661
Rental equipment and related inventories	$ 1,129,190	$ 1,103,474
Accumulated depreciation	(670,586)	(689,133)
Rental equipment and related inventories, net	$ 458,604	$ 414,341
Property leased under capital leases	$ 7,614	$ 14,942
Accumulated amortization	(5,371)	(12,712)
Property leased under capital leases, net	$ 2,243	$ 2,230

Depreciation expense was $205.2 million and $193.1 million for the nine months ended September 30, 2004 and 2003, respectively. During the nine months ended September 30, 2004, the company wrote off fully depreciated rental equipment.

Note 5:

In November 2004, the company issued $100 million of unsecured fixed rate notes maturing in August 2014. These notes bear interest at an annual rate of 4.875% and pay interest semi-annually beginning February 2005. This issuance is a reopening of the 4.875% notes due August 2014, originally issued in August 2004. The proceeds from these notes will be used for general corporate purposes, including the repayment of commercial paper and the repurchase of company stock.

At September 30, 2004, $105.8 million remained available under the shelf registration statement filed in October 2001 with the Securities and Exchange Commission, permitting issuances of up to $2 billion in debt securities, preferred stock and depositary shares. In April 2003, as part of this shelf registration statement, the company established a medium-term note program for the issuance of up to $1.38 billion in aggregate principal, representing the remaining amount available on the shelf at that time.

In August 2004, the company issued $350 million of unsecured fixed rate notes maturing in August 2014. These notes bear interest at an annual rate of 4.875% and pay interest semi-annually beginning February 2005. The proceeds from these notes were used for general corporate purposes, including the repayment of commercial paper, financing of acquisitions and the repurchase of company stock.

In June 2003, the company issued $375 million of unsecured fixed rate notes maturing in June 2013. These notes bear interest at an annual rate of 3.875% and pay interest semi-annually beginning December 2003. The proceeds from these notes were used for general corporate purposes, including the repayment of commercial paper and the repurchase of company stock.

In June 2003, the company issued $200 million of unsecured floating rate notes maturing in June 2005. These notes bear interest at a floating rate of LIBOR minus 3 basis points, set two business days preceding the quarterly interest payment dates. The proceeds from these notes were used for general corporate purposes, including the repayment of commercial paper and the repurchase of company stock.

In April 2003, the company issued $350 million of unsecured fixed rate notes maturing in May 2018. These notes bear interest at an annual rate of 4.75% and pay interest semi-annually beginning November 2003. In connection with this issuance, the company entered into a $350 million swap maturing in May 2018, converting this obligation to a floating rate note. The proceeds from these notes were used for general corporate purposes, including the repayment of commercial paper and the repurchase of company stock.

In February 2003, the company sold 6.45% Preferred Stock in a subsidiary of Pitney Bowes Credit Corporation to an outside institutional investor for approximately A$191 million ($110 million). As part of this transaction, the company agreed to repurchase the stock in 10 years. Additionally, the company entered into a cross currency interest rate swap with the same institutional investor, effectively converting the obligation to a $110 million note that bears interest at a floating rate of approximately LIBOR minus 50 basis points. This note was recorded as long-term debt in the Consolidated Balance Sheets. The proceeds from this transaction were used for general corporate purposes, including the repayment of commercial paper and the repurchase of company stock.

Note 6:

A reconciliation of the basic and diluted earnings per share computations for the three months ended September 30, 2004 and 2003 is as follows (in thousands, except per share data):

	2004			2003		
	Income	Shares	Per Share	Income	Shares	Per Share
Net income	$ 136,516			$ 118,454		
Less:						
Preferred stock dividends	-			(1)		
Preference stock dividends	(25)			(26)		
Basic earnings per share	$ 136,491	230,768	$ .59	$ 118,427	233,408	$.51
Effect of dilutive securities:						
Preferred stock	-	9		1	9	
Preference stock	25	773		26	828	
Stock options		2,117			1,737	
Other		130			102	
Diluted earnings per share	$ 136,516	233,797	$ .58	$ 118,454	236,084	$.50

A reconciliation of the basic and diluted earnings per share computations for the nine months ended September 30, 2004 and 2003 is as follows (in thousands, except per share data):

	2004			2003		
	Income	Shares	Per Share	Income	Shares	Per Share
Net income	$ 397,828			$ 351,253		
Less:						
Preferred stock dividends	-			(1)		
Preference stock dividends	(75)			(81)		
Basic earnings per share	$ 397,753	231,293	$1.72	$ 351,171	234,138	$1.50
Effect of dilutive securities:						
Preferred stock	-	9		1	11	
Preference stock	75	784		81	846	
Stock options		2,059			1,270	
Other		144			47	
Diluted earnings per share	$ 397,828	234,289	$1.70	$ 351,253	236,312	$1.49

In accordance with FAS No. 128, "Earnings per Share," 1.4 million and 2.8 million common stock equivalent shares for the three months ended September 30, 2004 and 2003, respectively, and 1.7 million and 4.0 million common stock equivalent shares for the nine months ended September 30, 2004 and 2003, respectively, issuable upon the exercise of stock options were excluded from the above computations because the exercise prices of such options were greater than the average market price of the common stock and therefore the impact of these shares was antidilutive.

Note 7:

Revenue and earnings before interest and taxes (EBIT) by business segment for the three and nine months ended September 30, 2004 and 2003 were as follows:

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenue:				
Global Mailstream Solutions	$ 827,708	$ 784,888	$ 2,461,730	$ 2,312,431
Global Enterprise Solutions	359,998	310,295	1,022,799	928,970
Capital Services	29,816	41,966	110,816	120,435
Total revenue	$ 1,217,522	$ 1,137,149	$ 3,595,345	$ 3,361,836
EBIT: (1)				
Global Mailstream Solutions	$ 259,396	$ 247,218	$ 765,631	$ 726,871
Global Enterprise Solutions	20,084	19,903	56,306	53,132
Capital Services	20,457	25,864	64,899	76,271
Total EBIT	299,937	292,985	886,836	856,274
Unallocated amounts:				
Interest, net	(42,035)	(41,101)	(124,227)	(124,560)
Corporate expense	(41,682)	(36,981)	(131,148)	(124,212)
Restructuring charges	(15,582)	(43,109)	(46,854)	(96,465)
Income before income taxes	$ 200,638	$ 171,794	$ 584,607	$ 511,037

(1) EBIT excludes general corporate expenses.

Note 8:

Comprehensive income for the three and nine months ended September 30, 2004 and 2003 was as follows:

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net income	$ 136,516	$ 118,454	$ 397,828	$ 351,253
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	36,666	(21,065)	57,545	65,878
Net unrealized (loss) gain on derivative instruments	(2,580)	3,802	(2,934)	(2,000)
Comprehensive income	$ 170,602	$ 101,191	$ 452,439	$ 415,131

Note 9:

The company accounts for one-time benefit arrangements and exit or disposal activities primarily in accordance with FAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which requires that a liability be recognized when the costs are incurred. The company accounts for ongoing benefit arrangements under FAS No. 112, "Employers' Accounting for Postemployment Benefits," which requires that a liability be recognized when the costs are probable and reasonably estimable. The fair values of impaired long-lived assets are determined primarily using probability weighted expected cash flows in accordance with FAS No. 144, "Accounting for the Impairment of Long-Lived Assets."

In January 2003, the company announced that it would undertake restructuring initiatives related to realigned infrastructure requirements and reduced manufacturing needs for digital equipment. The charges related to these restructuring initiatives will be recorded as the various initiatives take effect.

In connection with this plan, the company recorded pre-tax restructuring charges of $15.6 million and $43.1 million for the three months ended September 30, 2004 and 2003, respectively. For the nine months ended September 30, 2004 and 2003, pre-tax restructuring charges were $46.9 million and $96.5 million, respectively. The pre-tax restructuring charges are composed of:

(Dollars in millions)	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Severance and benefit costs.................	$ 12.4	$ 17.8	$ 30.5	$ 65.4
Asset impairments...........................	1.6	23.8	11.0	24.5
Other exit costs............................	1.6	1.5	5.4	6.6
Total.....................................	$ 15.6	$ 43.1	$ 46.9	$ 96.5

All restructuring charges, except for the asset impairments, will result in cash outflows. The severance and benefit costs relate to a reduction in workforce of approximately 2,000 employees worldwide from the inception of this plan through September 30, 2004 and expected future workforce reductions of approximately 400 employees. The workforce reductions relate to actions across several of the company's businesses resulting from infrastructure and process improvements and its continuing efforts to streamline operations, and include managerial, professional, clerical and technical roles. Approximately 62% of the workforce reductions are in the U.S. The majority of the international workforce reductions are in Europe and Canada. Asset impairments for the nine months ended September 30, 2004 relate primarily to the write-down of capitalized pre-implementation system costs. Asset impairments for the nine months ended September 30, 2003 relate primarily to the company's decision to exit its main plant manufacturing facility in Connecticut in connection with its product sourcing and real estate optimization strategy. The fair values of the impaired long-lived assets were determined primarily using probability weighted expected cash flows in accordance with FAS No. 144. Other exit costs relate primarily to lease termination costs, non-cancelable lease payments, consolidation of excess facilities and other costs associated with exiting business activities.

Accrued restructuring charges at September 30, 2004 are composed of the following:

(Dollars in millions)	Balance at January 1, 2004	Restructuring charges	Cash payments	Non-cash charges	Ending balance at September 30, 2004
Severance and benefit costs..................	$ 27.5	$ 30.5	$ (37.1)	$ -	$ 20.9
Asset impairments...............	-	11.0	-	(11.0)	-
Other exit costs................	4.7	5.4	(7.7)	-	2.4
	$ 32.2	$ 46.9	$ (44.8)	$ (11.0)	$ 23.3

Note 10:

Group 1 Software, Inc. (Group 1)

On July 20, 2004, the company completed its acquisition of Group 1 for a net purchase price of $329 million of cash. The results of Group 1's operations have been included in the consolidated financial statements since the date of acquisition. Group 1 is an industry leader in software that enhances mailing efficiency, data quality and customer communications.

Allocation of the purchase price to the assets acquired and liabilities assumed has not been finalized for this acquisition. Final determination of fair values to be assigned may result in adjustments to the preliminary estimated values assigned at the date of acquisition. The following table summarizes the preliminary estimated fair values of the major assets acquired and liabilities assumed at the date of acquisition:

(Dollars in thousands)	
Intangible assets......................................	$ 84,100
Goodwill...	292,303

Other, net		(47,282)
Purchase price	$	329,121

Intangible assets relate primarily to customer relationships, software and trademarks and have a weighted-average useful life of approximately 12 years. The goodwill was assigned to the Global Enterprise Solutions segment. No research and development assets were acquired.

International Mail Express, Inc. (IMEX)

On May 21, 2004, the company completed the acquisition of substantially all of the assets of IMEX for a net purchase price of $29 million of cash. The results of IMEX's operations have been included in the consolidated financial statements since the date of acquisition. IMEX consolidates letters and flat-sized mail headed to international addresses to reduce postage costs and expedite delivery.

Allocation of the purchase price to the assets acquired and liabilities assumed has not been finalized for this acquisition. Final determination of fair values to be assigned may result in adjustments to the preliminary estimated values assigned at the date of acquisition. The following table summarizes the preliminary estimated fair values of the major assets acquired and liabilities assumed at the date of acquisition:

(Dollars in thousands)		
Intangible assets	$	9,600
Goodwill		20,078
Other, net		(593)
Purchase price	$	29,085

Intangible assets relate primarily to customer relationships and have a weighted-average useful life of approximately 13 years. The goodwill was assigned to the Global Mailstream Solutions segment. No research and development assets were acquired.

DDD Company (DDD)

On October 23, 2003, the company completed the acquisition of DDD for a net purchase price, following post-closing adjustments, of $48.6 million, which consisted of approximately $24.3 million of cash and the issuance of 585,204 shares of common stock valued at $24.3 million. The value of common shares was determined based on the average market price of common shares over a period of time prior to the completion of the acquisition. The results of DDD's operations have been included in the consolidated financial statements since the date of acquisition. DDD offers a broad array of services, including fulfillment services, secure mail processing, messenger services, logistics support, and record and information management.

Allocation of the purchase price to the assets acquired and liabilities assumed has not been finalized for this acquisition. Final determination of fair values to be assigned may result in adjustments to the preliminary estimated values assigned at the date of acquisition. The following table summarizes the preliminary estimated fair values of the major assets acquired and liabilities assumed at the date of acquisition:

(Dollars in thousands)		
Intangible assets	$	13,900
Goodwill		30,287
Other, net		4,452
Purchase price	$	48,639

Intangible assets relate primarily to customer relationships and have a weighted-average useful life of approximately 10 years. The goodwill was assigned to the Global Enterprise Solutions segment. No research and development assets were acquired.

Consolidated impact of acquisitions

The acquisitions of Group 1, IMEX and DDD increased the company's earnings, but including related financing costs, did not materially impact earnings either on a per share or aggregate basis.

The following unaudited pro forma consolidated results have been prepared as if the acquisitions of Group 1, IMEX and DDD had occurred on January 1, 2003:

(Dollars in thousands)	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Total revenue..............................	$ 1,224,886	$ 1,203,649	$ 3,696,507	$ 3,561,336

The pro forma consolidated results do not purport to be indicative of results that would have occurred had the acquisitions been completed on January 1, 2003, nor do they purport to be indicative of the results that will be obtained in the future. The pro forma earning results of these acquisitions were not material to earnings on either a per share or an aggregate basis.

During 2004 and 2003, the company also completed several smaller acquisitions, including some of its presort businesses and international dealerships. During 2003, the company also acquired one of its address printing suppliers. The cost of these acquisitions was in the aggregate less than $70 million in each year. These acquisitions did not have a material impact on the company's financial results either individually or on an aggregate basis.

Note 11:

Intangible assets are composed of the following:

(Dollars in thousands)	September 30, 2004 Gross Carrying Amount	September 30, 2004 Accumulated Amortization	December 31, 2003 Gross Carrying Amount	December 31, 2003 Accumulated Amortization
Customer relationships......................	$ 212,190	$ 27,774	$ 161,655	$ 18,002
Mailing software and technology.............	109,523	15,183	63,603	9,519
Trademark and trade names...................	15,452	5,713	8,357	4,067
Non-compete agreements......................	3,805	2,524	3,496	1,917
Total	$ 340,970	$ 51,194	$ 237,111	$ 33,505

Amortization expense for intangible assets for the three months ended September 30, 2004 and 2003 was $6.9 million and $4.4 million, respectively. Amortization expense for intangible assets for the nine months ended September 30, 2004 and 2003 was $16.9 million and $12.0 million, respectively. Estimated intangible asset amortization expense for 2004 and the five succeeding years is as follows:

(Dollars in thousands)	
For year ending 12/31/04........................	$ 24,200
For year ending 12/31/05........................	$ 29,000
For year ending 12/31/06........................	$ 28,100
For year ending 12/31/07........................	$ 26,300
For year ending 12/31/08........................	$ 25,700
For year ending 12/31/09........................	$ 24,400

Intangible assets acquired during the nine months ended September 30, 2004 are as follows:

(Dollars in thousands)	Amortization Period	Acquisition Cost
Customer relationships...................	15 years	$ 47,831
Mailing software and technology..........	9 years	44,500
Trademark and trade names................	9 years	6,800
Non-compete agreements...................	5 years	159
Weighted average/total.................	12 years	$ 99,290

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Changes in the carrying amount of goodwill by business segment for the nine months ended September 30, 2004 are as follows:

(Dollars in thousands)	Global Mailstream Solutions	Global Enterprise Solutions	Total
Balance at January 1, 2004................	$ 492,445	$ 463,839	$ 956,284
Goodwill acquired during the period........	33,810	292,303	326,113
Other....................................	13,129	3,418	16,547
Balance at September 30, 2004.............	$ 539,384	$ 759,560	$ 1,298,944

"Other" primarily includes the impact of foreign currency translation adjustments.

Note 12:

In connection with its Capital Services programs, the company has sold finance receivables and entered into guarantee contracts with varying amounts of recourse in privately-placed transactions with unrelated third-party investors. The uncollected principal balance of receivables sold and guarantee contracts totaled $116.8 million and $125.9 million at September 30, 2004 and December 31, 2003, respectively. In accordance with GAAP, the company does not record these amounts as liabilities on its Consolidated Balance Sheets. The company's maximum risk of loss on these finance receivables and guarantee contracts arises from the possible non-performance of lessees to meet the terms of their contracts and from changes in the value of the underlying equipment. These contracts are secured by the underlying equipment value and/or supported by the creditworthiness of its customers. At September 30, 2004 and December 31, 2003, the underlying equipment value exceeded the sum of the uncollected principal balance of receivables sold and the guarantee contracts.

The company provides product warranties in conjunction with certain product sales, generally for a period of 90 days from the date of installation. The company's product warranty liability reflects management's best estimate of probable liability under its product warranties based on historical claims experience, which has not been significant, and other currently available evidence. Accordingly, the company's product warranty liability at September 30, 2004 and December 31, 2003, respectively, was not material.

Note 13:

In December 2003, the company received accepted closing agreements with the Internal Revenue Service (IRS) showing income tax adjustments for the 1992 to 1994 tax years. The total additional tax for these years is approximately $5.0 million. Additional tax due for 1995 and future tax years in connection with these closing agreements will not materially affect the company's future results of operations, financial position or cash flows. In addition to the accepted income tax adjustments, one 1994 proposed adjustment remains in dispute, which could result in additional tax of approximately $4.3 million. The company believes that it has meritorious defenses to this deficiency and that the ultimate outcome will not result in a material effect on its results of operations, financial position or cash flows. The company believes that its accruals for tax liabilities are adequate for all open years. However, if the IRS prevails on this deficiency, additional tax may be due for 1995 and future tax years, which could materially affect the company's results of operations, financial position or cash flows. At any time, the company's provision for taxes could be affected by changes in tax laws and interpretations by governments or courts.

The IRS is in the process of completing its examination of the company's tax returns for the 1995 to 2000 tax years and has issued notices of proposed adjustment with respect to a Capital Services leasing transaction entered into in 1998 and 1999. Specifically, the IRS is proposing to disallow certain expenses claimed as deductions on the 1998 through 2000 tax returns. The company anticipates receiving similar notices for other leasing transactions entered into during the audit period. The IRS will likely make similar claims for years subsequent to 2000 in future audits with respect to these transactions. The IRS may propose penalties on the company with respect to all periods that have been examined.

In addition, in June 2004, the Canada Revenue Agency (CRA) proposed an adjustment for the 1996 to 1999 tax years, relating to intercompany loan transactions. The CRA may propose penalties on the company with respect to all periods that have been examined.

The company vigorously disagrees with the proposed adjustments and intends to aggressively contest these matters through applicable IRS, CRA and judicial procedures, as appropriate. Although the final resolution of the proposed adjustments is uncertain and involves unsettled areas of the law, based on currently available information, the company has provided for its best estimate of the probable tax liability for these matters and believes that the resolution of these matters will not have a material effect on the company's results of operations, financial position or cash flows. However, an unfavorable resolution could have a material effect on the company's results of operations, financial position or cash flows.

Note 14:

Defined Benefit Pension Plans

The components of net periodic benefit cost for defined benefit pension plans for the three months ended September 30, 2004 and 2003 are as follows:

(Dollars in thousands)	United States		Foreign	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2004	2003	2004	2003
Service cost................................	$ 7,447	$ 6,282	$ 2,706	$ 2,282
Interest cost...............................	21,934	21,363	6,242	5,064
Expected return on plan assets..............	(32,486)	(32,700)	(7,517)	(6,322)
Amortization of transition cost.............	-	-	(130)	(136)
Amortization of prior service cost..........	(696)	(719)	164	152
Amortization of net loss....................	3,601	440	1,983	658
Curtailment.................................	-	-	-	332
Net periodic benefit cost...................	$ (200)	$ (5,334)	$ 3,448	$ 2,030

The components of net periodic benefit cost for defined benefit pension plans for the nine months ended September 30, 2004 and 2003 are as follows:

(Dollars in thousands)	United States		Foreign	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Service cost................................	$ 24,074	$ 19,877	$ 7,788	$ 7,186
Interest cost...............................	66,321	67,594	17,817	16,039
Expected return on plan assets..............	(96,033)	(93,168)	(21,431)	(20,273)
Amortization of transition cost.............	-	-	(392)	(454)
Amortization of prior service cost..........	(2,052)	(2,048)	467	494
Amortization of net loss....................	9,495	(1,077)	5,621	3,308
Curtailment.................................	-	-	-	1,065
Net periodic benefit cost...................	$ 1,805	$ (8,822)	$ 9,870	$ 7,365

The company previously disclosed in its consolidated financial statements for the year ended December 31, 2003 that it expects to contribute up to $5 million and up to $10 million, respectively, to its U.S. and foreign pension plans during 2004. At September 30, 2004, $2.8 million and $3.7 million of contributions have been made to the U.S. and foreign pension plans, respectively.

Nonpension Postretirement Benefit Plans

On July 1, 2004 the company adopted the provisions of FSP No. 106-2 on a prospective basis. The adoption of FSP No. 106-2 reduced the company's nonpension postretirement accumulated benefit obligation by approximately $21 million, which has been recognized as a reduction in the company's unrecognized actuarial loss. The adoption of FSP No. 106-2 reduced the net periodic postretirement benefit cost by approximately $0.9 million during the three and nine months ended September 30, 2004.

The components of net periodic benefit cost for nonpension postretirement benefit plans for the three and nine months ended September 30, 2004 and 2003 are as follows:

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Service cost................................	$ 546	$ 691	$ 2,610	$ 2,702
Interest cost...............................	2,948	3,781	13,296	14,837
Amortization of prior service cost..........	(1,304)	(1,647)	(5,819)	(6,514)
Amortization of net loss....................	905	804	4,367	3,155
Net periodic benefit cost...................	$ 3,095	$ 3,629	$ 14,454	$ 14,180

The company previously disclosed in its consolidated financial statements for the year ended December 31, 2003 that it expects to contribute $34 million, which represents its expected benefit payments, to its postretirement benefits plans during 2004. At September 30, 2004, $26.6 million of benefit payments have been made.

Note 15:

On November 1, 2004, the company completed its acquisition of a substantial portion of the assets of Ancora Capital & Management Group LLC (Ancora) for approximately $35 million net of cash and assumed liabilities. Ancora is a provider of first class, standard letter and international mail processing and presort services with five operations in southern California, Pennsylvania and Maryland. Ancora will become part of the company's PSI operation and its national presort network.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of factors discussed in Forward-Looking Statements and elsewhere in this report.

Overview

In the third quarter of 2004, we continued to leverage near-term opportunities, while executing our longer-term strategies for sustained growth. We continued to see good market acceptance of new products by small business, supplies, payment solutions, software, mail services and international customers. At the same time, we laid the foundation for future growth with the ongoing integration of Group 1 Software, Inc.'s (Group 1) customer communication and address management software suite into our existing software and service capabilities, and the continued expansion of our national presort network with the announced acquisition of Ancora Capital & Management Group LLC (Ancora).

Revenue increased 7% in the third quarter of 2004 to $1.22 billion compared with the third quarter of 2003 driven by organic growth in our Global Mailstream Solutions and Global Enterprise Solutions segments, the favorable impact of foreign currency and the acquisitions of Group 1, International Mail Express, Inc. (IMEX) and DDD Company (DDD). Net income increased 15% in the third quarter of 2004 to $136.5 million compared with the third quarter of 2003. Diluted earnings per share increased to 58 cents in the third quarter of 2004 from 50 cents in the third quarter of 2003. During the third quarter of 2004, we took several actions as part of our previously announced restructuring program. Net income for the third quarter of 2004 and 2003, was reduced by pre-tax restructuring charges of $16 million and $43 million, respectively, or 4 cents and 13 cents, respectively, per diluted share relating to these actions. Third quarter 2004 results included 2 cents per diluted share from non-core Capital

Services operations compared with 4 cents per diluted share in the third quarter of 2003.

See Results of Continuing Operations - third quarter of 2004 vs. third quarter of 2003 below for a more detailed discussion of our results of operations.

Results of Continuing Operations - third quarter of 2004 vs. third quarter of 2003

Business segment results

The following table shows revenue and earnings before interest and taxes (EBIT) by business segment for the three months ended September 30, 2004 and 2003:

(Dollars in millions)	Revenue			EBIT		
	Three months ended September 30,			Three months ended September 30,		
	2004	2003	% change	2004	2003	% change
Global Mailstream Solutions.......	$ 828	$ 785	5%	$ 259	$ 247	5%
Global Enterprise Solutions.......	360	310	16%	20	20	1%
Capital Services..................	30	42	(29%)	21	26	(21%)
Total.............................	$ 1,218	$ 1,137	7%	$ 300	$ 293	2%

During the third quarter of 2004, Global Mailstream Solutions revenue and EBIT grew 5%. Similar to previous quarters, revenue trends 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 mail services and less from larger system sales. Non-U.S. revenue 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 U.K. increased at a double-digit rate on a local currency basis because of positive customer reception to our new product lines.

During the third quarter of 2004, Global Enterprise Solutions revenue grew 16% and EBIT grew 1%. Pitney Bowes Management Services (PBMS) reported revenue of $264 million, a 6% increase over the prior year driven primarily by the acquisition of DDD in 2003. Organic revenue was flat compared with the prior year as we continued to position the business to provide higher value services. EBIT and operating margins were comparable with the prior quarter and prior year. Document Messaging Technologies (DMT) reported revenue growth of 54% to $96 million for the quarter and EBIT grew 2%. The acquisition of Group 1 contributed 43% to revenue growth. DMT's organic revenue growth of 11% was driven by continued solid placements and orders for its inserting equipment. As expected, the integration costs of the Group 1 acquisition had a negative impact on reported margins during the quarter.

During the third quarter of 2004, revenue decreased 29% and EBIT decreased 21% in the Capital Services segment, which is consistent with our ongoing planned strategy to reduce our exposure to non-core, long-term financing on an economically advantageous basis.

Revenue by source

Third quarter 2004 revenue included $346.4 million from sales, up 8% from $322.1 million in the third quarter of 2003 due primarily to strong supplies sales, the acquisition of Group 1 and the favorable impact of foreign currency; $199.8 million from rentals, up 2% from $196.4 million due primarily to the favorable impact of foreign currency; $316.5 million from business services, up 15% from $275.8 million due primarily to the acquisitions of DDD and IMEX and strong growth in presort operations; $177.5 million from support services, up 11% from $159.3 million due primarily to the acquisition of Group 1 and the favorable impact of foreign currency; $158.2 million from core financing, up 4% from $152.1 million due primarily to growth in postal payment solutions; and $19.2 million from non-core financing, down 39% from $31.3 million due to our ongoing planned strategy to reduce our exposure to non-core, long-term financing.

Costs and expenses

Cost of sales decreased to 44.0% of sales revenue in the third quarter of 2004 compared with 44.6% in the third quarter of 2003. The decrease was due primarily to lower costs resulting from our transition to outsourcing of parts for digital equipment and an increase in mix of higher margin equipment, software and supplies revenue.

Cost of rentals decreased to 19.6% of rentals revenue in the third quarter of 2004 compared with 21.6% in the third quarter of 2003 due primarily to lower repair costs resulting from the shift from electronic to digital meters.

Cost of business services increased to 83.1% of business services revenue in the third quarter of 2004 compared with 82.6% in the third quarter of 2003 due to initial higher costs associated with new sites in our mail services operations.

Cost of support services decreased to 50.7% of support services revenue in the third quarter of 2004 compared with 51.9% in the third quarter of 2003 due primarily to the acquisition of Group 1.

Selling, general and administrative expenses decreased to 30.6% of total revenue in the third quarter of 2004 compared with 30.7% in the third quarter of 2003 reflecting our continuing emphasis on controlling operating expenses, partially offset by costs associated with investments in infrastructure improvements and growth initiatives.

Research and development expenses increased to $42.6 million in the third quarter of 2004 from $35.0 million in the third quarter of 2003 due primarily to the acquisition of Group 1. Our investment in research and development reflects our continued commitment to developing new technologies and enhanced mailing and software products.

Net interest expense increased to $42.0 million in the third quarter of 2004 from $41.1 million in the third quarter of 2003. The increase was due to higher average borrowings during the third quarter of 2004 compared with the third quarter of 2003.

The effective tax rate for the third quarter of 2004 was 32.0% compared with 31.0% in the third quarter of 2003. The effective tax rates for the third quarter of 2004 and 2003 included tax benefits of .3% and 1.0%, respectively, from restructuring charges. The increase in the 2004 effective tax rate also reflects the impact of our strategy to cease originating large-ticket, structured, third-party financing of non-core assets.

Results of Continuing Operations - nine months of 2004 vs. nine months of 2003

For the first nine months of 2004 compared with the same period of 2003, revenue increased 7% to $3.6 billion, and net income increased 13% to $397.8 million. Net income for the first nine months of 2004 and 2003 was reduced by pre-tax restructuring charges of $46.9 million (13 cents per diluted share) and $96.5 million (26 cents per diluted share). Diluted earnings per share for the first nine months of 2004 and 2003 included 7 cents and 12 cents from non-core Capital Services operations. The factors that affected revenue and EBIT for the nine months ended September 30, 2004 compared with the same period of 2003 included those cited for the third quarter of 2004 versus 2003.

Accounting Pronouncements

In December 2002, Statement of Financial Accounting Standards (FAS) No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," which amends FAS No. 123, "Accounting for Stock-Based Compensation," was issued. FAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and requires more prominent and more frequent disclosures in the financial statements of the effects of stock-based compensation. FAS No. 148 was effective January 1, 2003. We adopted the disclosure-only provisions of this statement. See Note 2 to the consolidated financial statements.

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (FIN) No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns or both. Our ownership of the equity of PBG Capital

Partners LLC (PBG) qualifies as a variable interest entity under FIN No. 46. PBG was formed with GATX Corporation in 1997 for the purpose of financing and managing certain leasing related assets. We adopted the provisions of FIN No. 46 effective March 31, 2004. As a result, we consolidated the operations of PBG on March 31, 2004. Prior to March 31, 2004, we accounted for PBG under the equity method of accounting. PBG's minority interest of $70 million is included in other noncurrent liabilities in the Consolidated Balance Sheet at September 30, 2004. PBG's nonrecourse debt of $167 million is included in long-term debt and notes payable and current portion of long-term obligations in the Consolidated Balance Sheet at September 30, 2004. The consolidation of PBG did not have a material impact on our results of operations or cash flows.

In December 2003, FAS No. 132 (Revised), "Employer's Disclosure about Pensions and Other Postretirement Benefits," was issued. FAS No. 132 (Revised) retains the disclosure requirements of the original pronouncement and requires additional disclosures relating to assets, obligations, cash flows and net periodic benefit cost. The provisions of FAS No. 132 (Revised) were effective for fiscal years ending after December 15, 2003, except for certain disclosures which are effective for fiscal years ending after June 15, 2004. See Note 14 to the consolidated financial statements.

In May 2004, the FASB issued FASB Staff Position (FSP) No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." The FSP provides accounting guidance for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") to a sponsor of a postretirement health care plan that has concluded that prescription drug benefits available under the plan are actuarially equivalent and thus qualify for the subsidy under the Act. The provisions of FSP No. 106-2 were effective July 1, 2004. We have concluded that the prescription drug benefits provided under our nonpension postretirement benefit plans are actuarially equivalent to the prescription drug benefits offered under Medicare Part D. We adopted the provisions of FSP No. 106-2 on a prospective basis on July 1, 2004. See Note 14 to the consolidated financial statements.

Restructuring Charges

In January 2003, we announced that we would undertake restructuring initiatives related to realigned infrastructure requirements and reduced manufacturing needs for digital equipment. At that time we estimated the total pre-tax cost of these restructuring initiatives to be about $200 million ($125 million after tax). As we continue to finalize our restructuring plans, the ultimate amount and timing of the restructuring charges may differ from our previous estimates. The charges related to these restructuring initiatives will be recorded as the various initiatives take effect.

The cash outflows related to restructuring charges will be funded primarily by cash from operating activities. The restructuring initiatives are expected to continue to increase our operating efficiency and effectiveness in 2004 and beyond while enhancing growth, primarily as a result of reduced personnel related expenses. See Note 9 to the consolidated financial statements for our accounting policy related to restructuring charges.

In connection with this plan, we recorded pre-tax restructuring charges of $15.6 million and $43.1 million for the three months ended September 30, 2004 and 2003, respectively. For the nine months ended September 30, 2004 and 2003, pre-tax restructuring charges were $46.9 million and $96.5 million, respectively. The pre-tax restructuring charges are composed of:

(Dollars in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Severance and benefit costs.................	$ 12.4	$ 17.8	$ 30.5	$ 65.4
Asset impairments..........................	1.6	23.8	11.0	24.5
Other exit costs............................	1.6	1.5	5.4	6.6
Total....................................	$ 15.6	$ 43.1	$ 46.9	$ 96.5

All restructuring charges, except for the asset impairments, will result in cash outflows. The severance and benefit costs relate to a reduction in workforce of approximately 2,000 employees worldwide from the inception of this plan through September 30, 2004 and expected future workforce reductions of approximately 400 employees. The workforce reductions relate to actions across several of our businesses resulting from infrastructure and process improvements and our continuing efforts to streamline operations, and include managerial, professional, clerical and technical roles. Approximately 62% of the workforce reductions are in the U.S. The majority of the international workforce reductions are in Europe and Canada. Asset impairments for the nine months ended September 30, 2004 relate primarily to the write-down of capitalized pre-implementation system costs. Asset impairments for the nine months ended September 30, 2003 relate primarily to our decision to exit our main plant manufacturing facility in Connecticut in connection with our product sourcing and real estate optimization strategy. The fair values of the impaired long-lived assets were determined primarily using probability weighted expected cash flows in accordance with FAS No. 144. Other exit costs relate primarily to lease termination costs, non-cancelable lease payments, consolidation of excess facilities and other costs associated with exiting business activities.

Accrued restructuring charges at September 30, 2004 are composed of the following:

(Dollars in millions)	Balance at January 1, 2004	Restructuring charges	Cash payments	Non-cash charges	Ending balance at September 30, 2004
Severance and benefit costs..................	$ 27.5	$ 30.5	$ (37.1)	$ -	$ 20.9
Asset impairments...............	-	11.0	-	(11.0)	-
Other exit costs................	4.7	5.4	(7.7)	-	2.4
	$ 32.2	$ 46.9	$ (44.8)	$ (11.0)	$ 23.3

Acquisitions

On July 20, 2004, we completed the acquisition of Group 1 for a net purchase price of $329 million of cash. The results of Group 1's operations have been included in the consolidated financial statements since the date of acquisition. Group 1 is an industry leader in software that enhances mailing efficiency, data quality and customer communications.

On May 21, 2004, we acquired substantially all of the assets of IMEX for a net purchase price of $29 million of cash. The results of IMEX's operations have been included in the consolidated financial statements since the date of acquisition. IMEX consolidates letters and flat-sized mail headed to international addresses to reduce postage costs and expedite delivery.

In October 2003, we acquired DDD for a net purchase price, following post-closing adjustments, of $48.6 million, which consisted of approximately $24.3 million of cash and the issuance of common stock valued at $24.3 million. DDD offers a broad array of services including, fulfillment services, secure mail processing, manager services, logistics support, and record and information management.

We accounted for the acquisitions of Group 1, IMEX and DDD under the purchase method and accordingly, the operating results of Group 1, IMEX and DDD have been included in our consolidated financial statements since the date of acquisition. The acquisitions of Group 1, IMEX and DDD did not materially impact net income for the three and nine months ended September 30, 2004.

During 2004 and 2003, we also completed several smaller acquisitions, including some of our presort businesses and international dealerships. During 2003, we also acquired one of our address printing suppliers. The cost of these acquisitions was in the aggregate less than $70 million in each year. These acquisitions did not have a material impact on our financial results either individually or on an aggregate basis.

Liquidity and Capital Resources

Our ratio of current assets to current liabilities decreased to .86 to 1 at September 30, 2004 compared with .95 to 1 at December 31, 2003. The decrease in this ratio was due primarily to the reclassification of long-term debt to short-term debt.

The following table summarizes our cash flows for the nine months ended September 30, 2004 and 2003:

(Dollars in thousands)	Nine Months Ended September 30, 2004	2003
Cash provided by (used in):		
Operating activities	$ 727,818	$ 675,843
Investing activities	(539,519)	32,762
Financing activities	(175,798)	(743,836)
Effect of exchange rate changes on cash	3,589	5,329
Net change in cash and cash equivalents	$ 16,090	$ (29,902)

For the nine months ended September 30, 2004, net cash provided by operating activities consisted primarily of net income adjusted for non-cash items, the increase in deferred taxes on income and changes in working capital. Net cash used in investing activities consisted primarily of acquisitions and capital expenditures net of proceeds from the sale of non-core Capital Services assets. Net cash used in financing activities consisted primarily of stock repurchases and dividends paid to stockholders partially offset by an increase in debt.

The ratio of total debt to total debt and stockholders' equity was 76.3% and 76.7% at September 30, 2004 and December 31, 2003, respectively. Including the preferred stockholders' equity in a subsidiary company as debt, the ratio of total debt to total debt and stockholders' equity was 77.7% and 78.1% at September 30, 2004 and December 31, 2003, respectively. The decrease in this ratio was driven by net income and favorable foreign currency translation adjustments, offset by an increase in total recourse debt, the consolidation of PBG's nonrecourse debt, the $175 million repurchase of 4.1 million shares of common stock during the nine months ended September 30, 2004 and the payment of common stock dividends.

Financings and Capitalization

In November 2004, we issued $100 million of unsecured fixed rate notes maturing in August 2014. These notes bear interest at an annual rate of 4.875% and pay interest semi-annually beginning February 2005. This issuance is a reopening of the 4.875% notes due August 2014, originally issued in August 2004. The proceeds from these notes will be used for general corporate purposes, including the repayment of commercial paper and the repurchase of company stock.

At September 30, 2004, $105.8 million remained available under the shelf registration statement filed in October 2001 with the Securities and Exchange Commission, permitting issuances of up to $2 billion in debt securities, preferred stock and depositary shares. In April 2003, as part of this shelf registration statement, we established a medium-term note program for the issuance of up to $1.38 billion in aggregate principal, representing the remaining amount available on the shelf at that time.

In August 2004, we issued $350 million of unsecured fixed rate notes maturing in August 2014. These notes bear interest at an annual rate of 4.875% and pay interest semi-annually beginning February 2005. The proceeds from these notes were used for general corporate purposes, including the repayment of commercial paper, financing of acquisitions and the repurchase of company stock.

In June 2003, we issued $375 million of unsecured fixed rate notes maturing in June 2013. These notes bear interest at an annual rate of 3.875% and pay interest semi-annually beginning December 2003. The proceeds from these notes were used for general corporate purposes, including the repayment of commercial paper and the repurchase of company stock.

In June 2003, we issued $200 million of unsecured floating rate notes maturing in June 2005. These notes bear interest at a floating rate of LIBOR minus 3 basis points, set two business days preceding the quarterly interest payment dates. The proceeds from these notes were used for general corporate purposes, including the repayment of commercial paper and the repurchase of company stock.

In April 2003, we issued $350 million of unsecured fixed rate notes maturing in May 2018. These notes bear interest at an annual rate of 4.75% and pay interest semi-annually beginning November 2003. In connection with this issuance, we entered into a $350 million swap maturing in May 2018, converting this obligation to a floating rate note. The proceeds from these notes were used for general corporate purposes, including the repayment of commercial paper and the repurchase of company stock.

In February 2003, we sold 6.45% Preferred Stock in a subsidiary of Pitney Bowes Credit Corporation to an outside institutional investor for approximately A$191 million ($110 million). As part of this transaction, we agreed to repurchase the stock in 10 years. Additionally, we entered into a cross currency interest rate swap with the same institutional investor, effectively converting the obligation to a $110 million note that bears interest at a floating rate of approximately LIBOR minus 50 basis points. This note was recorded as long-term debt in our Consolidated Balance Sheets. The proceeds from this transaction were used for general corporate purposes, including the repayment of commercial paper and the repurchase of company stock.

In accordance with the provisions of FIN No. 46, we consolidated PBG's nonrecourse debt on March 31, 2004.

We believe our financing needs for the next 12 months can be met with cash generated internally, debt issued under new and existing shelf registration statements and our existing commercial paper programs. In addition, we maintain a back-up credit facility for our commercial paper program.

Capital Expenditures

During the first nine months of 2004, capital expenditures included $136.5 million in net additions to property, plant and equipment and $89.7 million in net additions to rental equipment and related

inventories compared with $136.1 million and $78.0 million, respectively, in the same period in 2003.

We expect capital expenditures for the remainder of 2004 to be approximately the same as the prior year. These investments will also be affected by the timing of our customers' transition to digital meters.

Capital Services portfolio

Our investment in Capital Services lease related assets included in our Consolidated Balance Sheets is composed of the following:

(Dollars in millions)	September 30, 2004	December 31, 2003
Leveraged leases	$ 1,555	$ 1,535
Finance receivables (1)	649	450
Other assets (1)	-	51
Rental equipment (1)	55	18
Total	$ 2,259	$ 2,054

(1) On March 31, 2004 we adopted the provisions of FIN No. 46 and consolidated the assets and liabilities of PBG. Accordingly, the increase in finance receivables and rental equipment at September 30, 2004 reflects the consolidated assets of PBG. Other assets at December 31, 2003 represented our investment in PBG, which at that time was accounted for under the equity method of accounting. See Note 2 to the consolidated financial statements for further details on the impact of adopting FIN No. 46.

The investment in leveraged leases included in our Consolidated Balance Sheets is diversified across the following types of assets:

(Dollars in millions)	September 30, 2004	December 31, 2003

Locomotives and rail cars	$ 358	$ 360
Postal equipment	353	338
Commercial aircraft	274	279
Commercial real estate	241	236
Telecommunications	141	139
Rail and bus	133	132
Shipping and handling	55	51
Total leveraged leases	$ 1,555	$ 1,535

At September 30, 2004 and December 31, 2003, our leveraged lease investment in commercial real estate facilities included approximately $91 million and $88 million, respectively, related to leases of corporate facilities to four U.S. telecommunication entities, of which $75 million and $73 million, respectively, is with lessees that are highly rated.

Additionally, our leveraged lease investment in telecommunications equipment represents leases to three highly rated international telecommunication entities. At September 30, 2004 and December 31, 2003, approximately 95% and 84%, respectively, of this portfolio is further secured by equity defeasance accounts or other third party credit arrangements.

At September 30, 2004 and December 31, 2003, approximately 53% and 51%, respectively, of our total leveraged lease portfolio is further secured by equity defeasance accounts or other third party credit arrangements. In addition, at September 30, 2004 and December 31, 2003, approximately 19% and 20% of the remaining leveraged lease portfolio represents leases to highly rated government related organizations which have guarantees or supplemental credit enhancements upon the occurrence of certain events.

Finance receivables are composed of the following:

(Dollars in millions)	September 30, 2004	December 31, 2003
Assets held for sale	$ 18	$ 21
Single investor leases:		
Large ticket single investor leases (1)	339	157
Imagistics lease portfolio	292	272
Total	$ 649	$ 450

<FN>
(1) The increase in large ticket single investor leases at September 30, 2004 reflects the consolidated assets of PBG. See Note 2 to the consolidated financial statements for further details on the impact of adopting FIN No. 46.
</FN>

At September 30, 2004 and December 31, 2003, our net investment in commercial passenger and cargo aircraft leasing transactions was $276 million and $298 million, respectively, which is composed of transactions with U.S. airlines of $25 million and $41 million, respectively, and with foreign airlines of $251 million and $257 million, respectively. Our net investment in commercial passenger and cargo aircraft leasing portfolio is composed of investments in leveraged lease transactions, direct financing lease transactions and a portion of our investment in PBG. Risk of loss under these transactions is primarily related to: (1) the inability of the airline to make underlying lease payments; (2) our inability to generate sufficient cash flows either through the sale of the aircraft or secondary lease transactions to recover our net investment; and/or (3) in the case of the leveraged lease portfolio, the default of an equity defeasance or other third party credit arrangements. At September 30, 2004 and December 31, 2003, approximately 45% and 42%, respectively, of our remaining net investment in commercial passenger and cargo aircraft leasing investments is further secured by approximately $124 million and $125 million, respectively, of equity defeasance accounts or third party credit arrangements.

During the third quarter of 2004, we generated $16 million from non-core asset sales, including the sale of two commercial aircraft leased to United Air Lines for approximately $8 million. These sales had no material effect on our revenue or earnings during the quarter.

Subsequent Events

On November 1, 2004, we completed our acquisition of a substantial portion of the assets of Ancora for approximately $35 million net of cash and assumed liabilities. Ancora is a provider of first class, standard letter and international mail processing and presort services with five operations in southern California, Pennsylvania and Maryland. Ancora will become part of our PSI operations and its national presort network.

Regulatory Matters

There have been no significant changes to the regulatory matters disclosed in our 2003 Annual Report to Stockholders on Form 10-K.

Other Regulatory Matters

In December 2003, we received accepted closing agreements with the Internal Revenue Service (IRS) showing income tax adjustments for the 1992 to 1994 tax years. The total additional tax for these years is approximately $5.0 million. Additional tax due for 1995 and future tax years in connection with these closing agreements will not materially affect our future results of operations, financial position or cash flows. In addition to the accepted income tax adjustments, one 1994 proposed adjustment remains in dispute, which could result in additional tax of approximately $4.3 million. We believe that we have meritorious defenses to this deficiency and that the ultimate outcome will not result in a material effect on our results of operations, financial position or cash flows. We believe that our accruals for tax liabilities are adequate for all open years. However, if the IRS prevails on this deficiency, additional tax may be due for 1995 and future tax years, which could materially affect our future results of operations, financial position or cash flows. At any time, our provision for taxes could be affected by changes in tax laws and interpretations by governments or courts.

The IRS is in the process of completing its examination of our tax returns for the 1995 to 2000 tax years and has issued notices of proposed adjustment with respect to a Capital Services leasing transaction entered into in 1998 and 1999. Specifically, the IRS is proposing to disallow certain expenses claimed as deductions on the 1998 through 2000 tax returns. We anticipate receiving similar notices for other leasing transactions entered into during the audit period. The IRS will likely make similar claims for years subsequent to 2000 in future audits with respect to these transactions. The IRS may propose penalties on us with respect to all periods that have been examined.

In addition, in June 2004, the Canada Revenue Agency (CRA) proposed an adjustment for the 1996 to 1999 tax years, relating to intercompany loan transactions. The CRA may propose penalties on us with respect to all periods that have been examined.

We vigorously disagree with the proposed adjustments and intend to aggressively contest these matters through applicable IRS, CRA and judicial procedures, as appropriate. Although the final resolution of the proposed adjustments is uncertain and involves unsettled areas of the law, based on currently available information, we have provided for our best estimate of the probable tax liability for these matters and believe that the resolution of these matters will not have a material effect on our results of operations, financial position or cash flows. However, an unfavorable resolution could have a material effect on our results of operations, financial position or cash flows.

Forward-Looking Statements

We want to caution readers that any forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 in this Form 10-Q, other reports or press releases or made by our management involve risks and uncertainties which may change based on various important factors. These forward-looking statements are those which talk about the company's or management's current expectations as to the future and include, but are not limited to, statements about the amounts, timing and results of possible restructuring charges and future earnings. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," and similar expressions may identify such forward-looking statements. 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 us or on our behalf include:

- changes in international or national political conditions, including any terrorist attacks
- negative developments in economic conditions, including adverse impacts on customer demand
- 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
- foreign currency fluctuations
- cost, timing and execution of the restructuring plan, including any potential asset impairments
- timing and execution of the meter transition plan
- regulatory approvals and satisfaction of other conditions to consummation of any acquisitions and integration of recent acquisitions
- impact on mail volume resulting from current concerns over the use of the mail for transmitting harmful biological agents
- third-party suppliers' ability to provide product components
- negative income tax adjustments for prior audit years and changes in tax laws or regulations
- terms and timing of actions to reduce exposures and disposal of assets in our Capital Services segment
- continuing developments in the U.S. and foreign airline industry
- changes in pension and retiree medical costs.

I
tem 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to the quantitative and qualitative disclosures about market risk disclosed in our 2003 Annual Report to Stockholders on Form 10-K.

Item 4. Controls and Procedures

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures and internal control over financial reporting. The CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2004. In addition, no change in internal control over financial reporting occurred during the quarter ended September 30, 2004, that has materially affected, or is reasonably likely to materially affect, such internal control over financial reporting. It should be noted that any system of controls is based in part upon certain assumptions designed to obtain reasonable (and not absolute) assurance as to its effectiveness, and there can be no assurance that any design will succeed in achieving its stated goals. Notwithstanding this caution, the CEO and CFO have reasonable assurance that the disclosure controls and procedures were effective as of September 30, 2004.

Part II - Other Information

Item 1. Legal Proceedings

This Item updates the legal proceedings more fully described in our 2003 Annual Report on Form 10-K, dated March 9, 2004, as updated by our Quarterly Reports on Form 10-Q for the first and second quarters of 2004, dated May 7, 2004 and August 5, 2004, respectively. On September 27, 2004, the Court dismissed with prejudice, Comsentech, Inc. v. Pitney Bowes Credit Corporation (United States District Court, Western District of Louisiana, filed March 21, 2003). The Court's order followed on the parties' filing of a stipulation of dismissal with prejudice, which resulted from the plaintiff's decision to voluntarily dismiss its case.

In the third quarter of 2004, the company entered into a mediation process with counsel for the plaintiffs in the remaining putative class action litigations arising out of the equipment replacement program PBCC offers to certain of its leasing customers (Boston Reed v. Pitney Bowes, et al.; Ann Harbin, et al. v. Pitney Bowes, et al.; McFerrin Insurance v. Pitney Bowes, et al.; and Cred-X, Inc. v. Pitney Bowes, et al.). These negotiations are ongoing.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchases

We repurchase shares of our common stock under a systematic program to manage the dilution created by shares issued under employee stock plans and for other purposes. This program authorizes repurchases in the open market.

On May 10, 2004, the Board of Directors of Pitney Bowes authorized $300 million for repurchases of its outstanding shares of common stock on the open market during the subsequent 12 to 24 months. During the three months ended September 30, 2004, we repurchased 0.9 million shares for a total price of $40 million under the May 2004 program, leaving $225 million remaining for future repurchases under this program.

Company Purchases of Equity Securities

The following table summarizes our share repurchase activity for the three months ended September 30, 2004:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of a publicly announced plan	Approximate dollar value of shares that may yet be purchased under the plan (in thousands)
July 2004	22,900	$41.93	22,900	$264,039
August 2004	493,400	$41.89	493,400	$243,371
September 2004	419,250	$43.82	419,250	$224,999
Total repurchases	935,550		935,550	

Item 6. Exhibits

Reg. S-K Exhibits	Description
(3)(a)	Restated Certificate of Incorporation, as amended. Incorporated by reference to Exhibit (3a) to Form 10-K as filed with the Commission on March 30, 1993.
(3)(a.1)	Certificate of Amendment to the Restated Certificate of Incorporation (as amended May 29, 1996). Incorporated by reference to Exhibit (a.1) to Form 10-K as filed with the Commission on March 27, 1998.
(3)(b)	By-laws, as amended. Incorporated by reference to Exhibit (3b) to Form 10-K as filed with the Commission on April 1, 1996.
(3)(c)	By-laws, as amended. Incorporated by reference to Exhibit (3)(ii) to Form 10-Q as filed with the Commission on November 16, 1998.
(12)	Computation of ratio of earnings to fixed charges
(31.1)	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(31.2)	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(32.1)	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350

(32.2)	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

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 8, 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)

Exhibit Index

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18 U.S.C. Section 1350

(32.2) Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

Exhibit (12)

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

(Dollars in thousands)

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Income before income taxes	$ 200,638	$ 171,794	$ 584,607	$ 511,037
Add:				
Interest expense	43,046	41,810	126,670	126,323
Portion of rents representative of the interest factor	12,881	10,724	38,224	33,413
Amortization of capitalized interest	369	369	1,105	1,105
Minority interest in the income of subsidiary with fixed charges	1,361	876	3,194	2,974
Income before income taxes, as adjusted	$ 258,295	$ 225,573	$ 753,800	$ 674,852
Fixed charges:				
Interest expense	$ 43,046	$ 41,810	$ 126,670	$ 126,323
Portion of rents representative of the interest factor	12,881	10,724	38,224	33,413
Minority interest, excluding taxes, in the income of subsidiary with fixed charges	2,000	1,270	4,694	4,327
Total fixed charges	$ 57,927	$ 53,804	$ 169,588	$ 164,063
Ratio of earnings to fixed charges	4.46	4.19	4.44	4.11

<FN>

(1) The computation of the ratio of earnings to fixed charges has been computed by dividing income 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>

Exhibit (31.1)

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Critelli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pitney Bowes Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2004

/s/ Michael J. Critelli

Michael J. Critelli
Chief Executive Officer

Exhibit (31.2)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bruce P. Nolop, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pitney Bowes Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2004

/s/ Bruce P. Nolop

Bruce P. Nolop
Chief Financial Officer

Exhibit (32.1)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

The certification set forth below is being submitted in connection with the Quarterly Report of Pitney Bowes Inc. (the "company") on Form 10-Q for the period ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Michael J. Critelli, Chief Executive Officer of the company, certify that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

/s/ Michael J. Critelli

Michael J. Critelli
Chief Executive Officer
November 8, 2004

Exhibit (32.2)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

The certification set forth below is being submitted in connection with the Quarterly Report of Pitney Bowes Inc. (the "company") on Form 10-Q for the period ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Bruce P. Nolop, Chief Financial Officer of the company, certify that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

/s/ Bruce P. Nolop

Bruce P. Nolop
Chief Financial Officer
November 8, 2004