PITNEY BOWES INC /DE/
Form DEF 14A
March 26, 2003

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
Filed by a Party other than the Registrant [_]

Check the appropriate box:

[_] Preliminary Proxy Statement
[_] Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[X] Definitive Proxy Statement
[_] Definitive Additional Materials
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Pitney Bowes Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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3) Filing Party:

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4) Date Filed:

Notice of the 2003 Annual Meeting and Proxy Statement

Pitney Bowes Inc.
World Headquarters
Stamford, Connecticut 06926-0700
(203) 356-5000

To the Stockholders:

We will hold our 2003 annual meeting of stockholders at 9:00 a.m. on Monday, May 12, 2003 at our headquarters in Stamford, Connecticut.

The Notice of Meeting, Proxy Statement and proxy card accompanying this letter describe in detail the matters to be acted upon at the meeting.

It is important that your shares be represented at the meeting. Whether or not you plan to attend, please sign, date and return your proxy card in the enclosed envelope as soon as possible. Stockholders of record also have the option of voting by telephone or Internet, as described on the proxy card.

We look forward to seeing you at the meeting.

Sincerely yours,

Michael J. Critelli
Chairman and Chief Executive Officer

Stamford, Connecticut
March 26, 2003

Notice of Meeting:

The annual meeting of stockholders of Pitney Bowes Inc. will be held on May 12, 2003, at 9:00 a.m. at the company's World Headquarters, One Elmcroft Road, Stamford, Connecticut. Directions, including a map, to Pitney Bowes' World Headquarters are set forth on the back cover page of the Proxy Statement.

The items of business at the annual meeting are:

1. Election of four directors.
2. Ratification of independent accountants for 2003.
3. Consideration of a Stockholder Proposal.
4. Such other matters as may properly come before the meeting, including any continuation of the meeting caused by any adjournment, or any postponement of the meeting.

March 14, 2003 is the record date for the meeting.

This Proxy Statement and accompanying proxy card are being distributed on or about March 26, 2003.

Amy C. Corn
Corporate Secretary

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Proxy Statement

The Annual Meeting and Voting

Our Board of Directors is soliciting proxies to be used at the annual meeting of stockholders to be held on May 12, 2003, or at any adjournment or postponement of the meeting. This Proxy Statement contains information about the items being voted on at the annual meeting.

Annual Meeting Admission

An admission ticket, which is required for entry into the Annual Meeting, is attached to your proxy card if you hold shares directly in your name as a stockholder of record. If you plan to attend the Annual Meeting, please vote your proxy but keep the admission ticket and bring it to the Annual Meeting.

If your shares are held in the name of a bank, broker or nominee and you plan to attend the meeting, you must present proof of your ownership of Pitney Bowes stock (such as a bank or brokerage account statement), to be admitted to the meeting.

Who is entitled to vote?

Record stockholders of Pitney Bowes common stock and $2.12 preference stock at the close of business on March 14, 2003 (the record date) can vote at the meeting. As of the record date, 234,363,019 shares of Pitney Bowes common stock and 52,317 shares of $2.12 preference stock were issued and outstanding. Each stockholder has one vote for each share of common stock owned as of the record date, and 16.53 votes for each share of $2.12 preference stock owned as of the record date.

How do I vote?

You may choose one of three methods to direct your vote. You may direct your vote on-line via the Internet. If you have access to the Internet, we encourage you to vote at the following Web address: www.eproxyvote.com/pbi. You may instead direct your vote by telephone (1-877-PRX-VOTE) or by completing and mailing the enclosed proxy card. In addition, you may attend the meeting and vote in person.

May I change my vote?

You may revoke your proxy at any time before it is voted at the meeting in several ways. You may send in a revised proxy dated later than the first proxy; or you may vote in person at the meeting; or you may notify the corporate secretary in writing prior to the meeting that you have revoked your proxy.

What constitutes a quorum?

A majority of the outstanding shares entitled to vote, present in person or represented by proxy, constitutes a quorum. If you vote by Internet, telephone or proxy card, you will be considered part of the quorum. Abstentions, broker non-votes and votes withheld from director nominees are included in the count to determine a quorum. If a quorum is present, director candidates receiving the highest number of votes will be elected. Proposals 2 and 3 will be approved if a majority of the votes cast by the stockholders are voted in favor.

What is the effect of broker non-votes?

Under New York Stock Exchange rules, if your broker holds your shares in its “street” name, the broker may vote your shares on proposals 1 and 2 even if it does not receive instructions from you. Your broker may not vote on proposal 3 unless it receives instructions from you.

If your broker **does not** vote on one or more agenda items, the effect would be as follows:

Election of Directors. Broker non-votes have no effect because only a plurality of the votes cast is required to elect a director.

Proposals 2 and 3. Broker non-votes would not be counted either for or against these items, and would therefore have no effect.

How do Dividend Reinvestment Plan participants or employees with shares in the 401(k) plan vote by proxy?

If you are a stockholder of record and participate in the company’s Dividend Reinvestment Plan, or employee 401(k) plan, you will receive a proxy card with instructions on the three different ways available to you to vote your shares (through the mail, by telephone, or over the Internet).

Shares held in the company’s 401(k) plan are voted by the plan trustee in accordance with voting instructions received from plan participants using the enclosed proxy card. The plan directs the trustee to vote shares for which no instructions are received in the same proportion (for, against, abstain or withheld) indicated by the voting instructions given by participants in the plan.

Who will count the votes?

EquiServe Trust Company, N.A. (EquiServe) will tabulate the votes and act as Inspector of Election.

Multiple Copies of Annual Report to Stockholders

Our 2002 Annual Report has been mailed to stockholders. **It will save the company money, and therefore benefit all stockholders, to eliminate distribution of unnecessary duplicate copies of the annual**

reports. To print and distribute an Annual Report costs the company about $6.75.

If you and other stockholders of record with whom you share an address currently receive more than one copy of the Annual Report, we will discontinue mailing reports for the accounts you select if you mark the designated box on the appropriate proxy card(s), or follow the prompts when you vote if you are a stockholder of record voting by telephone or Internet.

At least one account per household must continue to receive the Annual Report, unless you elect to view future Annual Reports over the Internet. Mailing of dividends, stockholder investment statements and proxy materials will not be affected by your election to discontinue future duplicate mailings of the Annual Report. To discontinue or resume the mailing of an Annual Report to an account, or to consolidate your multiple accounts, call our transfer agent, EquiServe, at the special Pitney Bowes toll free number, 1-800-648-8170.

If you own shares of common stock through a bank, broker or other nominee and receive more than one Pitney Bowes Annual Report, contact the holder of record to eliminate duplicate mailings.

Stockholder Proposals for 2004 Annual Meeting

If a stockholder wants to submit a proposal for inclusion in the company's proxy material for the 2004 annual meeting, which is scheduled to be held on Monday, May 10, 2004, it must be received by the corporate secretary by November 27, 2003. Also, under our Bylaws, a stockholder can present other business at an annual meeting, including the nomination of candidates for director, only if written notice of the business or candidates is received by the corporate secretary by February 10, 2004. There are other procedural requirements in the By-laws pertaining to stockholder proposals and director nominations. The Bylaws are posted on the company's website at http://www.pb.com/corporategovernance. Any stockholder may obtain a copy of the By-laws without charge by writing to the corporate secretary.

Corporate Governance

The Board has amended and restated its Governance Principles, which are reprinted here. In addition, the charters of the Audit, Executive Compensation, and Governance Committees have been revised to reflect the proposed new listing standards of The New York Stock Exchange and the Sarbanes-Oxley Act of 2002. The revised charters of these three committees are annexed to this proxy statement. Stockholders are encouraged to visit the company's Corporate Governance website at http://www.pb.com/corporategovernance for information concerning the company's governance practices, including the Governance Principles of the Board of Directors, charters of the committees of the Board, and the Directors' Code of Business Conduct and Ethics. The company's Business Practices Guidelines, which is the company's Code of Ethics for employees, including the company's chief executive officer and senior financial officers, is also available on the company's Corporate Governance website.

Board of Directors

The board of directors has reviewed the independence of each director under the independence standards of the proposed New York Stock Exchange listing standards and the standards of independence set forth in the Governance Principles. Based upon its review, the Board has concluded that each of the eleven non-employee directors is independent.

In February 2003, the Board of Directors appointed James H. Keyes, one of the independent directors, to serve as the Board's Presiding Director. The primary responsibility of the Presiding Director is to serve as the chair of the periodic executive sessions of the Board of Directors during which neither the sole employee director nor other members of management are present. The Board of Directors has designated Mr. Keyes to serve in this position for a term of one year. Stockholders and other parties interested in communicating directly with the Presiding Director or with the non-management directors as a group may do so by writing to: Presiding Director, Pitney Bowes Inc., One Elmcroft Road, MSC 65-20, Stamford, CT 06926. Alternatively, stockholders may communicate with Mr. Keyes via e-mail at presiding.director@pb.com.

GOVERNANCE PRINCIPLES OF THE BOARD OF DIRECTORS

1. Role and Core Responsibilities of the Board of Directors. The Board of Directors is elected by the Company’s stockholders to oversee the management and conduct of the Company’s businesses by its chief executive officer and other officers and employees, to enhance the long-term value of the Company for the benefit of its stockholders. In fulfilling its obligations, the core responsibilities of the Board of Directors are:

- To select, evaluate, and compensate the chief executive officer.
- To assure that management succession planning is adequate.
- To provide counsel and oversight in the selection and evaluation, and to approve the compensation, of senior management.
- To review and approve the Company’s material capital allocations and expenditures, and material transactions not in the ordinary course of business.
- To review and approve the management’s strategic plans and long-term goals.
- To review and monitor, through the Audit Committee, the Company’s financial controls and reporting systems.
- To review and approve the Company’s financial standards, policies, and plans.
- To review the Company’s ethical standards and legal compliance efforts, and to assess from time to time, either directly or through the Corporate Responsibility Committee, the continued effectiveness of the programs established to prevent, detect, and report violations of law or Company policy.
- To provide counsel and oversight with respect to relations with stockholders, customers, employees, and the communities in which the Company operates.
- To provide counsel and oversight with respect to corporate performance, and evaluate results compared to the strategic plans and other long-range goals.
- To identify candidates for election to the Board; the Board delegates the screening process to the Governance Committee, with involvement of the Chief Executive Officer as determined by the Governance Committee.

2. Qualifications of Directors. Members of the Board of Directors should conduct themselves in accordance with the highest standards of integrity and ethical behavior in the discharge of their duty to safeguard the long-term interests of the stockholders. The Board should be comprised of such number of directors as the Board considers optimal to promote a productive group deliberation and decision process. As a whole, the Board should include individuals with a diverse range of experience to give the Board depth and breadth in the mix of skills represented for the benefit of the Company’s stockholders. While all Directors should possess business acumen and must exercise sound judgment in their oversight of the Company’s operations, the Board endeavors to include an array of targeted skills and experience in its overall composition rather than requiring every Director to possess the same skills, perspective, and interests.

The Board is responsible for ensuring that appropriate and requisite expertise resides within its membership as a whole, including financial literacy and expertise needed for members of the Audit Committee as required by applicable law and regulations. From time to time, the Governance Committee of the Board reviews and updates, if warranted, the Board candidate profile utilized in the context of a Director search, in light of the current needs of the business and the experience and talent then represented on the Board.

While the Board does not believe it appropriate to establish an arbitrary limit with respect to the number of public company boards upon which a Director may serve, each Director is expected to plan his or her

work commitments in such a way as to permit the devotion of an adequate and significant amount of time to service on the Company’s Board. Any Director intending to stand for election to the Board of Directors of an additional company must provide advance notice to the Governance Committee Chair and the Chief Executive Officer of such intent.

3. Director Evaluation and Tenure. The Board of Directors conducts a self-assessment of its performance each year using these Governance Principles as a tool against which performance is measured. The self-assessment process is also used as an opportunity to identify process improvements (i) to help ensure that the Board receives appropriate and adequate information in a timely fashion and (ii) to promote a high degree of engagement in the Board’s discussions and deliberations. In addition to the annual Board of Directors’ self-assessment, the attendance and contribution of each Board member is thoroughly reviewed every time the member is recommended by the

Governance Committee for election or reelection by the stockholders.

The Board of Directors establishes and oversees processes by which the Committees of the Board evaluate their performance as measured against their responsibilities as set forth in the respective Committee charters.

Directors who retire from their employment or who otherwise significantly change their position at any time while a member of the Board should notify the Governance Committee Chair of such change. The Governance Committee should then review the continued appropriateness of Board membership under these circumstances, and report its recommendation to the Board of Directors.

Directors must retire from the Board no later than the Annual Stockholders Meeting following attainment of age seventy.

4. Independence of the Board and its Committees. A majority of the Directors should be independent. In accordance with longstanding Company practice, it is the expectation and strong preference of the Board that all but the employee Director(s) be independent. No more than two Directors should be employees of the Company. All Committees, except the Executive Committee, should be comprised solely of independent directors. The Company does not maintain consulting relationships with any of its non-employee Directors or any of their family members for which a fee or other remuneration is paid, outside of the Director’s compensation as a Director of Pitney Bowes.

The Board of Directors shall determine whether each Director is independent based upon all relevant facts and circumstances appropriate for consideration in the judgment of the Board. In the context of this review, the following standards shall apply:

A Director will not be independent if, within the preceding five years: (i) the Director was employed by the Company; (ii) an immediate family member of the Director was employed by the Company as an executive officer; (iii) the Director was employed by or affiliated with the Company’s independent auditor; (iv) an immediate family member of the Director was employed by the Company’s independent auditor as a partner, principal or manager; or (v) an executive officer of Pitney Bowes was on the compensation committee of the board of directors of a company which employed the Pitney Bowes Director or which employed an immediate family member of the Director as an executive officer.

No Director can qualify as independent if he or she has a material relationship with the Company outside of his or her service as a Director of the Company. The Board of Directors recognizes that, in the ordinary course of business, there may be commercial relationships between Pitney Bowes and an organization employing a Pitney Bowes Director. The following commercial or charitable relationships will not be considered to be material relationships that would impair a Director’s independence: (i) if a Pitney Bowes Director is an executive officer of another company that does business with Pitney Bowes and the sales to, or purchases from, Pitney Bowes are less than two percent of Pitney Bowes’ revenues; (ii) if a Pitney Bowes Director is an executive officer of another company which is indebted to Pitney Bowes, or to which Pitney Bowes is indebted, and the total amount of either company’s indebtedness to the other is less than two per-

cent of the total consolidated assets of Pitney Bowes; and (iii) if a Pitney Bowes Director serves as an officer, director or trustee of a charitable organization, and Pitney Bowes’ discretionary charitable contributions to the organization are less than two percent of that organization’s total annual charitable receipts. (Pitney Bowes’ employee and Director matching charitable gifts programs will not be included in the amount of Pitney Bowes’ contributions for this purpose.)

Each year, the Board will review all commercial and charitable relationships between the Company and each of the Directors. If a Director fails to meet the categorical standards for independence as set forth above, the other independent Directors will consider all relevant facts and circumstances (including the Company’s policy relating to Conflicts of Interest), and will reach a determination as to whether the relationship in question was in fact material, and, accordingly, whether the Director is not independent. The conclusions of the independent Directors regarding the independence of each Director will be made public prior to each Annual Stockholders Meeting.

5. Evaluation of the Chief Executive Officer. The performance of the Chief Executive Officer should be reviewed annually by the independent Directors. On an annual basis, at a joint meeting of the Governance Committee and the Executive Compensation Committee, at which the chair of the Governance Committee presides, the performance and achievements of the Chief Executive Officer, as well as areas for development, are reviewed in executive session. At the next succeeding Board of Directors meeting, the Governance Committee chair presents a summary of the joint committees’ discussion regarding the Chief Executive Officer’s performance during the Board’s executive session, and leads a discussion with the independent Directors. Feedback is then provided directly to the Chief Executive Officer, on behalf of the independent Directors, by the chair of the Governance Committee.

6. Review of Management and Succession Planning. In the discharge of its responsibility to identify potential successors to the position of Chief Executive Officer, each year the Board of Directors reviews the performance and development of members of senior management and updates its long-term succession plan, as well as its plan for a near-term or temporary replacement of the Chief Executive Officer in case of emergency or where the Chief Executive Officer is disabled or otherwise unable to perform his duties. The independent Directors may discuss with the current Chief Executive Officer his observations and recommendations for a successor, and will conduct a separate discussion in executive session to update the succession plan.

7. Executive Sessions. The independent Directors shall hold regular meetings in executive session, outside of the presence of any member of Company management. Such sessions shall be chaired by one of the independent Directors, which responsibility shall be reviewed by the Governance Committee on an annual basis. The name of the Director presiding at the executive sessions of the Board shall be published in the Company’s proxy statement each year, together with information to permit interested parties to contact him or her. It is the prerogative of each Board Committee to exclude members of management from any meeting or discussion held by such Committee at any time. It is the practice of the Audit, Executive Compensation, and Governance Committees to meet in executive session from time to time.

8. Board Process and Deliberation. Board decisions must be made on the basis of adequate information and after careful and unhurried consideration. Information and data that is important to the Board’s understanding of the business should generally be distributed in writing to the Board before it meets, unless the sensitivity of the information dictates that it be presented only at the meeting. Complex and very important subjects should be presented over an extended enough period of time to permit discussion at more than one meeting, if necessary.

9. Director Access to Management. It is the Company’s practice to create opportunities for Directors to meet with members of senior management on a routine basis outside the presence of the Chief Executive Officer. Members of the Board of Directors are encouraged to contact or to meet privately with members of Company senior management, as part of their responsibilities as Directors.

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10. External Communications. The Board believes that, with respect to the day-to-day operation of the business, management speaks for the Company. Individual Board members may, on occasion, meet or otherwise communicate with various constituencies of the Company, particularly with regard to issues clearly within the purview of the Board of Directors. It is expected that Board members would do this with the knowledge of management and would advise the Chief Executive Officer of the nature and content of any such communications, subject to the protections afforded employees who raise complaints or concerns regarding accounting, internal accounting controls or auditing matters.

11. Director Compensation. The philosophy, or objectives, of the Pitney Bowes Board of Directors compensation program are to:

1. Attract and retain the talent needed to fulfill the responsibilities of the Board in a superior and independent fashion.
2. Align the interests of the directors with the long-term interests of shareholders through share ownership.
3. Compensate directors for their time, efforts and capacity to assist the Company in the achievement of its long-term goals.

The compensation policy of the Company, or the means by which the Board compensation philosophy will be realized, is as follows:

In recognition of the commitment, service and capacity Directors provide to Pitney Bowes, the Company will provide each Director with a total remuneration package consisting of:

1. An annual cash retainer;
2. An annual equity award of restricted common stock;
3. Board and Committee meeting fees;
4. A fee for service as Committee chairpersons.

In establishing the amount of the cash retainer, the equity award and the fees, it is the Company's intention that the total compensation of Directors be competitive with compensation of directors of companies in the Fortune 100 to 300 companies.

The Governance Committee of the Board will review the compensation policy annually and will consult regularly with an independent compensation consultant as to the competitiveness of the program.

12. Director Orientation and Continuing Education. Directors commencing service on the Company's Board of Directors can maximize their individual effectiveness at the earliest possible time by participating in an orientation process. Accordingly, each new Director participates in a Company orientation program designed to familiarize the Director with the Company's businesses, including short and long-term strategy, the nature of its stockholder base, its senior management team, its values, including ethics policies, its internal control environment, systems for detecting, preventing and reporting infractions of policy and law, and the structure of and processes employed by the Board of Directors and its committees.

The Board of Directors recognizes the value of continuing education for Directors both within and outside the Company. Accordingly, in addition to Director education programs conducted in the context of or as an adjunct to a Board of Directors meeting (e.g., presentations by subject matter experts, visits to Company facilities, in-depth briefings by business unit heads), the Company makes available to its Directors information regarding externally conducted Director education programs, and will reimburse Directors for the reasonable cost participating in such programs upon review and approval of the Governance Committee of the Board.

13. Retention of External Advisors. The Board of Directors may retain at Company expense such external advisors as they deem appropriate in the discharge of their responsibilities.

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Meetings and Committee Membership

The board of directors met 7 times in 2002 and each director attended at least 75 percent of the total number of board meetings and meetings held by the board committees on which he or she served during 2002.

Members of the board serve on one or more of the seven committees described below. Mr. Critelli, the sole employee director, serves as a member of the Executive Committee. The members of all other board committees are independent directors.

Name	Audit	Corporate Responsibility	E-Commerce and Technology	Executive	Executive Compensation	Finance	Governance
Linda G. Alvarado		X*			X		
Colin G. Campbell				X	X		X*
Michael J. Critelli				X*			
Jessica P. Einhorn						X	X

Ernie Green	X	X	X*				
Herbert L. Henkel	X			X	X	X*	
James H. Keyes	X				X*		
John S. McFarlane			X				X
Eduardo R. Menascé		X	X				
Michael I. Roth	X*			X		X	X
David L. Shedlarz	X					X	
Robert E. Weissman		X	X				

* Committee Chair

The ***Audit Committee,*** which met 8 times in 2002, monitors the financial reporting standards and practices of the company and the company’s internal financial controls to ensure compliance with the policies and objectives established by the board of directors. The committee appoints an independent accounting firm to conduct the annual audit, and discusses with the company’s independent accountants the scope of their examinations, with particular attention to areas where either the committee or the independent accountants believe special emphasis should be directed. The committee reviews the annual financial statements and independent accountants’ report, invites the accountants’ recommendations on internal controls and on other matters, and reviews the evaluation given and corrective action taken by management. It reviews the independence of the accountants and approves their fees. It also reviews the company’s internal accounting controls and the scope and results of the company’s internal auditing activities, and submits reports and proposals on these matters to the board.

The Board of Directors has determined that the following members of the Audit Committee are “audit committee financial experts,” as that term is defined by regulation of the Securities and Exchange Commission: Michael I. Roth, Herbert L. Henkel, James H. Keyes and David L. Shedlarz.

The ***Corporate Responsibility Committee,*** which met 3 times in 2002, oversees the company’s law and ethics compliance programs, and monitors the company’s policies and programs concerning stockholders, customers, employees, and the communities in which the company operates. The policies and programs that the committee monitors include employee relations, investor relations, environmental protection, postal and governmental relations, employee safety, emergency preparedness and crisis management, and product safety.

The ***E-Commerce and Technology Committee,*** which met 3 times in 2002, monitors the company’s programs for electronic commerce-based product offerings and its technology development and partnering initiatives, and has primary responsibility for reviewing the company’s network security. The committee also reviews these programs in the context of the company’s long-term strategic planning in both new and existing businesses and markets.

The ***Executive Committee,*** which met 3 times in 2002, can act, to the extent permitted by Delaware corporation law and the company’s Restated Certificate of Incorporation and its By-laws, on all matters concerning management of the business which may arise between scheduled board of directors meetings, unless otherwise limited by the committee’s charter.

The ***Executive Compensation Committee,*** which met 5 times in 2002, oversees the companys executive compensation program, including establishing the companys executive compensation policies and undertaking an annual review of all components of compensation to ensure that the companys objectives are appropriately achieved. The committee is also responsible for certain administrative aspects of the companys compensation plans (see Executive Officer Compensation beginning on page 18) and the 1996 Pitney Bowes Employee Stock Purchase Plan, as amended and restated, and recommends changes in such plans. It also recommends performance targets, and grants, or recommends for grant, incentives in the forms permitted under the Pitney Bowes Key Employees Incentive Plan, and grants, or recommends for grant, incentives under the Pitney Bowes Stock Plan. Grants to certain Key Executives, as described on page 20, are recommended by the Executive Compensation Committee and approved by the independent directors of the board.

The ***Finance Committee,*** which met 4 times in 2002, reviews the companys financial condition and evaluates significant financial policies, oversees the companys retirement plans, advises management and recommends financial action to the board. The committees duties include monitoring the companys current and projected financial condition and reviewing and approving major investment decisions, and oversight of the financial operations of the companys retirement, savings, and post-retirement benefit plans and retirement funds to ensure that plan liabilities are adequately funded and plan assets are prudently managed. The committee recommends for approval by the board the establishment of new plans and any amendments that materially affect cost, benefit coverages, or liabilities of the plans.

The ***Governance Committee,*** which met 5 times in 2002, recommends nominees for election to the board of directors, determines the duties of and recommends membership in the board committees, reviews executives potential for growth, and, with the chief executive officer, is responsible for succession planning and ensuring management continuity. The committee reviews and evaluates the effectiveness of corporate administration and its governing documents, and reviews and monitors company programs and policies relating to directors.

Directors Compensation

Directors Fees. Each director who is not an employee of the company receives an annual fee of $33,000 and a meeting fee of $1,100 for each board and committee meeting attended. Committee chairs receive an additional $600 for each committee meeting that they chair. Mr. Critelli receives no additional compensation for serving as a director of the company. All directors are reimbursed for their out-of-pocket expenses incurred in attending board and committee meetings.

Directors Stock Plan. Under the Directors Stock Plan, each director who is not an employee of the company receives an annual award of 1,400 shares of restricted stock. The shares carry full voting and dividend rights but, unless certain conditions are met, may not be transferred or alienated until the later of (1) termination of service as a director, or, if earlier, the date of a change of control, and (2) the expiration of the six-month period following the grant of such shares. The Directors Stock Plan permits certain dispositions of stock granted under the restricted stock program provided that the director effecting the disposition had accumulated and will retain common stock equal to a minimum $350,000 in market value. Permitted dispositions are limited to (i) transfer to a family member or family trust or partnership, and (ii) donations to charity after the expiration of six months from date of grant. The original restrictions would continue to apply to the donee except that a charitable donee would not be bound by the restriction relating to termination of service from the board.

Since the approval of the Directors Stock Plan by stockholders in 1991, the common stock of the company has twice undergone a two-for-one split, in 1992 and 1997, respectively. In addition, the annual grant was increased in 1997 in connection with the discontinuation of the Directors Retirement Plan, as described below. On May 13, 2002, an aggregate of 15,400 restricted shares was awarded, with each of the eleven non-employee directors then serving receiving 1,400 shares of restricted common stock. Ownership of shares granted under the Directors Stock Plan is reflected in the table on page 12 showing security ownership of executive officers and directors.

Directors Deferred Incentive Savings Plan. The company maintains a Directors Deferred Incentive Savings Plan under which directors may defer all or part of the cash portion of their compensation. Deferred amounts will be notionally invested in any combination of several institutional investment funds, or may be used to invest in options to purchase common stock of the company. The number of options granted is calculated by dividing the cash amount deferred by the individual director by the fair market value of the shares on the date of the option grant, and multiplying that quotient by two.

Stock options selected by directors as an investment vehicle for deferred compensation are granted through the Directors’ Stock Plan. The Directors’ Stock Plan permits the exercise of stock options granted after October 11, 1999 during the full remaining term of the option by directors who have terminated service on the Board provided that service on the Board is terminated (i) after ten years of service on the Board, or (ii) due to

director’s death or disability, or (iii) due to the director having attained mandatory directors’ retirement age. The Directors’ Stock Plan also permits the donation of vested stock options, regardless of date of grant, to family members and family trusts or partnerships.

Directors’ Retirement Plan. The company’s Directors’ Retirement Plan was discontinued and benefits previously earned by directors were frozen as of May 12, 1997. Under this plan, there is no benefit paid to a director who served for less than five years as of May 12, 1997. A director who had met the five-year minimum vesting requirement as of May 12, 1997 will receive an annual retirement benefit calculated as 50 percent of the director’s retainer in effect as of May 12, 1997, and a director with more than five years of service at retirement will receive an additional 10 percent of such retainer for each year of service over five, to a maximum of 100 percent of such retainer for ten or more years of service. The annual retainer fee in effect as of May 12, 1997 was $30,000. The annual retirement benefit is paid for life to a director who (i) leaves the board at or after age 60, or (ii) leaves the board prior to age 60 but defers commencement of receipt of benefits until age 60. A director who leaves the board and who elects receipt of benefits before age 60 will receive the annual retirement benefit only during a period equal to the number of years that the director had served on the board as of May 12, 1997.

How much stock is owned by directors and executive officers?

The following table shows beneficial ownership of Pitney Bowes common stock by directors and executive officers as of March 1, 2003. The five named executive officers are the Chief Executive Officer and the four officers who were the highest paid in 2002. The directors and executive officers as a group (22 persons) are beneficial owners of less than 1% of the company’s common stock and $2.12 preference stock.

SECURITY OWNERSHIP

Title of Class of Stock	Name of Beneficial Owner	Shares Deemed to be Beneficially Owned[(a)(b)]	Options Exercisable Within 60 Days[(c)]
Common	Linda G. Alvarado	15,816	—
Common	Colin G. Campbell	14,400	—
Common	Jessica P. Einhorn	6,187	—
Common	Ernie Green	9,903	4,472
Common	Herbert L. Henkel	6,987	1,236
Common	James H. Keyes	8,000	—
Common	John S. McFarlane	5,448	—
Common	Eduardo R. Menascé	2,592	—
Common	Michael I. Roth	15,200	3,343
Common	David L. Shedlarz	4,892	—
Common	Robert E. Weissman	4,465	—
Common	Michael J. Critelli	330,480	732,378
Common	Murray D. Martin	84,598	257,961
Common	Matthew S. Kissner	45,474	274,435
Common	Karen M. Garrison	23,130	91,334
Common	Bruce P. Nolop	52,054	116,668

Common	**All executive officers and directors as a group (22)**	**688,134**	**1,967,222**

(a) The shares beneficially owned by any director or executive officer, or by all directors and executive officers as a group,
represent in each case less than one percent of the class.
(b) Includes shares that are held indirectly through the Pitney Bowes Inc. 401(k) Plan and its related excess plan.
(c) The director or executive officer has the right to acquire beneficial ownership of this number of shares within 60 days of
the record date for the annual meeting (March 14, 2003) by exercising outstanding stock options.

Which stockholders own at least 5% of Pitney Bowes?

The only persons or groups known to the company to be the beneficial owners of more than five percent of any class of the companys voting securities are reflected in the chart below. The following information is based solely upon Schedule 13G filed by the entities shown with the Securities and Exchange Commission as of the dates appearing below.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	20,134,100(a)	8.5%

(a) As of December 31, 2002, Capital Research and Management Company, an investment advisor registered under Section 203 of the Investment Advisers Act of 1940, had sole investment power and no voting power with respect to such shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Directors and persons who are considered officers of the company for purposes of Section 16(a) of the Securities Exchange Act of 1934 and greater than ten percent stockholders (Reporting Persons) are required to file reports with the Securities and Exchange Commission showing their holdings of and transactions in the companys securities. It is generally the practice of the company to file the forms on behalf of its Reporting Persons who are directors or officers. The company believes that all such forms have been timely filed for 2002.

Proposal 1: Election of Directors

The board of directors has twelve members. The board is divided into three classes whose terms of office end in successive years.

Mr. Critelli, Mr. Henkel, Mr. Roth and Mr. Weissman were elected last year to three-year terms expiring in 2005. Ms. Alvarado, Mr. Green, Mr. McFarlane and Mr. Menascé were elected in 2001 to terms expiring in 2004.

The Governance Committee recommended to the board of directors, and the board approved, the nomination of Mr. Campbell, Ms. Einhorn, Mr. Keyes and Mr. Shedlarz for election at this meeting to three-year terms expiring at the 2006 Annual Meeting.

Information about each nominee for director and each incumbent director, including the nominees or incumbents age as of March 1, 2003, is set forth below. Unless otherwise indicated, each nominee or incumbent has held his or her present position for at least five years.

Should you choose not to vote for a nominee, you may list on the proxy the name of the nominee for whom you choose not to vote and mark your proxy under Proposal No. 1 for all other nominees, or vote your shares by telephone or the Internet as described on the proxy voting instruction card. Should any nominee become unable to accept nomination or election as a director (which is not now anticipated), the persons named in the enclosed proxy will vote for such substitute nominee as may be selected by the board of directors, unless the size of the board is reduced.

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NOMINEES FOR ELECTION TO TERMS EXPIRING AT THE 2006 ANNUAL MEETING

Colin G. Campbell, 67, chairman and president of The Colonial Williamsburg Foundation. Formerly president of Rockefeller Brothers Fund, 1988-2000. Director since 1977. (Also director of Sysco Corporation.)

Jessica P. Einhorn, 55, Dean, Paul H. Nitze School of Advanced International Studies of the Johns Hopkins University. Formerly consultant with Clark & Weinstock, a firm specializing in strategic communications and public affairs consulting, 2000-2002; Visiting Fellow, 1998-1999, at the International Monetary Fund, and Managing Director for Finance and Resource Mobilization, 1996-1998, with The World Bank. Director since 1999.

James H. Keyes, 62, chairman, Johnson Controls, Inc., a supplier of automotive systems and facility management and control. Formerly chairman and chief executive officer, Johnson Controls, Inc., 1993-2002. Director since 1998. (Also a director of Johnson Controls, Inc., LSI Logic Corporation, Navistar International Corporation and Federal Reserve Bank of Chicago.)

David L. Shedlarz, 54, executive vice president and chief financial officer of Pfizer Inc. Formerly senior vice president and chief financial officer of Pfizer Inc., 1997-1999. Director since 2001.

INCUMBENT DIRECTORS WHOSE TERMS EXPIRE AT THE 2005 ANNUAL MEETING

Michael J. Critelli, 54, chairman and chief executive officer of Pitney Bowes Inc. Director since 1994. (Also a director of Eaton Corporation.)

Herbert L. Henkel, 54, chairman, president and chief executive officer of Ingersoll-Rand Company, a manufacturer of industrial products and components. Formerly president and chief operating officer of Textron Inc., 1999, and executive vice president and chief operating officer, 1998-1999, Textron Inc. Director since 1999. (Also a director of Ingersoll-Rand Company Ltd. and C. R. Bard Inc.)

Michael I. Roth, 57, chairman and chief executive officer of The MONY Group Inc. (formerly Mutual of New York). Director since 1995. (Also a director of The MONY Group and Interpublic Group of Companies Inc.)

Robert E. Weissman, 62, retired chairman, IMS Health Incorporated, a leading provider of information solutions to the pharmaceutical and healthcare industries. Formerly chairman and chief executive officer, IMS Health Incorporated, 1997-1999. Director since 2001. (Also director of Cognizant Technology Solutions and State Street Corporation.)

INCUMBENT DIRECTORS WHOSE TERMS EXPIRE AT THE 2004 ANNUAL MEETING

Linda G. Alvarado, 51, president and chief executive officer of Alvarado Construction, Inc., a Denver-based commercial and industrial general contractor. Director since 1992. (Also a director of Lennox International, Inc., 3M Company, The Pepsi Bottling Group Inc., and Qwest Communications International, Inc.)

Ernie Green, 64, president of Ernie Green Industries, Inc., a manufacturer of automotive components. Director since 1997. (Also a director of Dayton Power & Light, Inc. and Eaton Corporation.)

John S. McFarlane, 54, formerly president and chief executive officer of Nexsi Systems Corporation, a provider of high-performance network infrastructure solutions, 2001-2002. President, Network Service Provider Division, Sun Microsystems, Inc., 1999-2001, and president of Sun's Solaris Software Division, 1998-1999. Director since 2000. (Also a director of Resonate Inc. and Creo Inc.) (Nexsi Systems, a private corporation, filed for protection under Chapter 7 of the U.S. Bankruptcy Laws on May 17, 2002.)

Eduardo R. Menascé, 57, president, Enterprise Solutions Group, Verizon Communications Inc. Formerly president and chief executive officer, CTI MOVIL S.A. (Argentina), a unit of GTE Corporation, 1996-2000. Director since 2001. (Also a director of KeyCorp.)

Report of the Audit Committee

The Audit Committee functions pursuant to a charter that was last amended and restated in February, 2003, a copy of which is annexed to this Proxy Statement. The role of the Committee is to assist the Board in the oversight of (a) the integrity of the financial statements of the Company, (b) the Company's compliance with legal and regulatory requirements, (c) the independence and qualifications of the Company's external auditors, and (d) the performance of the Company's internal audit function and external auditors; and (e) the preparation of the report the company is required by Securities and Exchange Commission ("SEC") rules to be included in the Company's annual proxy statement. The Board of Directors, in its business judgment, has determined that all five members of the Committee are "independent," as required by applicable listing standards of the New York Stock Exchange.

Management of the company is responsible for the preparation, presentation and integrity of the company's financial statements, the company's accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for auditing the company's financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

In the performance of its oversight function, the Committee has considered and discussed the audited financial statements with management and the independent auditors. The Committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as currently in effect. Finally, the Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees,* as currently in effect, and written confirmations from management with respect to information technology consulting services relating to financial information systems design and implementation services provided by the auditors, has considered whether the provision of information technology consulting services relating to financial information systems design and implementation and other non-audit services by the independent auditors to the company is compatible with maintaining the auditor's independence and has discussed with the auditors the auditors' independence. In addition, the Committee has overseen and will oversee the proper application of current rules limiting the provision of non-audit services by the independent auditor.

Based upon the review of information received and discussions as described in this report, the Committee recommended to the Board that the audited financial statements be included in the Company□s Annual Report on Form 10-K for the year ended December 31, 2002 to be filed with the Securities and Exchange Commission.

The Audit Committee of the Board of Directors

Michael I. Roth, Chair
Ernie Green
Herbert L. Henkel
James H. Keyes
David L. Shedlarz

Proposal 2: Ratification of Independent Accountants for 2003

The Audit Committee of the board has appointed PricewaterhouseCoopers LLP as the independent accountants for Pitney Bowes for 2003. Although not required by law, this matter is being submitted to the stockholders for ratification. If this proposal is not ratified at the annual meeting by the affirmative vote of a majority of the votes cast, the Audit Committee intends to reconsider its appointment of PricewaterhouseCoopers LLP as independent accountants. PricewaterhouseCoopers LLP has no direct or indirect financial interest in Pitney Bowes or any of its subsidiaries.

Audit Fees

The aggregate fees for professional services rendered by PricewaterhouseCoopers LLP in connection with its audit of the company□s consolidated financial statements for the fiscal year ended December 31, 2002 and its limited reviews of the company□s unaudited condensed consolidated interim financial statements included in the company□s Quarterly Reports on Form 10-Q for that fiscal year were $3.5 million.

Financial Information Systems Design and Implementation Fees

The aggregate fees for financial information systems design and implementation services were $2.5 million during the year ended December 31, 2002, paid to PricewaterhouseCoopers Consulting prior to its September 30, 2002 sale to IBM Corporation. These systems are components of the Enterprise-Wide Resource Planning (ERP) initiative.

All Other Fees

In addition to the fees described above, aggregate fees of $4.2 million were billed by PricewaterhouseCoopers LLP during the year ended December 31, 2002, primarily for the following professional services (in millions):

Audit-related services(a)	$0.8
Income tax compliance and related tax services	$0.5
Other(b)	$2.9

(a) Audit related fees include fees for issuance of consents and comfort letters, audits of the company□s employee benefit plans and work performed in connection with the financial statements of certain businesses acquired during the year.

(b) Other fees relate to information technology services related to implementation of an extranet and the nonfinancial system components of the ERP initiative, paid to PricewaterhouseCoopers Consulting prior to the September 30, 2002 sale to IBM Corporation.

Vote Required

Approval of the appointment of Pitney Bowes independent accountants requires the affirmative vote of a majority of votes cast by the holders of common stock and $2.12 preference stock of the company present or represented by proxy and entitled to vote at the annual meeting.

The board of directors recommends that stockholders vote FOR the ratification of PricewaterhouseCoopers LLP as the companys independent accountants for 2003.

Proposal 3: Consideration of a Stockholder Proposal

The American Federation of State, County and Municipal Employees (AFSCME) Pension Plan, whose address is 1625 L Street, N.W., Washington, D.C. 20036, the beneficial owner, as of October 7, 2002 of 36,016 shares of common stock, has notified the company in writing that it will introduce the resolution which appears below at the annual meeting. The resolution and related statement are followed by the directors recommendation against the resolution and an explanation of the directors opposition.

RESOLVED, that the stockholders of Pitney Bowes Inc. (Pitney Bowes or the Company) request the Board of Directors (the Board) to redeem the preference share purchase rights distributed on December 11, 1995, unless such distribution is approved by the affirmative vote of holders of a majority of shares present and voting, to be held as soon as may be practicable.

SUPPORTING STATEMENT

The Board created the Companys current poison pill rights plan in December of 1995 with the distribution of Preference Share Purchase Rights to shareholders. This plan replaced a similar one, which was set to expire in February 1996. We do not share the Boards view that our Company should have put two separate rights plans into effect without shareholder approval. Although over 52% of shares voted supported a proposal in 2001 asking the Company to redeem or seek shareholder approval for the poison pill, the Company has not done so.

We believe the terms of the rights are designed to discourage or thwart an unwanted takeover of our Company. While management and the Board of Directors should have appropriate tools to ensure that all shareholders benefit from any proposal to buy the Company, we do not believe that the future possibility of an unsolicited bid justifies the unilateral implementation of a poison pill.

Rights plans like ours have become increasingly unpopular in recent years. In 2003 [sic], a majority of stockholders at 31 companies, including Circuit City Stores, State Street Global Advisors and Ryder System, voted in favor of proposals asking management to redeem or obtain shareholder approval for poison pills.

The effect of poison pills on value of companies stock has been the subject of extensive research. A 1986 study by the Office of the Chief Economist of the U.S. Securities and Exchange Commission on the economics of rights plans states that The stock-returns evidence suggests that the effect of poison pills to deter prospective hostile takeover bids outweighs the beneficial effects that might come from increased bargaining leverage of the target management. A 1992 study by Professor John Pound of Harvard Universitys Corporate Research Project and Lilli A. Gordon of the Gordon Group found a correlation between high corporate performance and the absence of poison pills.

A recent study found that firms with the strongest shareholder rights significantly outperform companies with weaker shareholder rights and outperform the broader market. A 2001 study of 1,500 firms by researchers at Harvard and the University of Pennyslvanias Wharton School found a significant positive relationship between greater shareholder rights, as measured by a governance index, and both firm valuation and performance from 1990 to 1999. The governance index took into account, among other things, whether a company had a poison pill.

We urge shareholders to vote for this resolution.

The board of directors recommends a vote AGAINST this proposal.

Directors Statement in Opposition

The board of directors unanimously recommends a vote AGAINST this proposal. The board believes that the Companys Rights Plan is an important tool to enable your board to maximize stockholder value in the event of a proposed acquisition of control of the company and to protect the company and its stockholders from unfair and coercive takeover tactics.

The same proponent presented a similar proposal at the 2001 annual stockholders meeting, which received approximately 40 percent of the votes outstanding and 52 percent of the votes cast by or on behalf of stockholders. In response, in July 2001 the board of directors adopted a new policy regarding the Rights Plan, known as a TIDE (Three-year Independent Director Evaluation) provision. Under this TIDE policy, the Governance Committee of the board, which is comprised solely of independent directors, will review and evaluate the Rights Plan at least every three years, to ensure that the Rights Plan continues to serve the best interest of the company and its stockholders. The board has additionally reviewed the current proposal by AFSCME and continues to believe for the reasons set forth below that the current Rights Plan best serves the company and its stockholders at this time.

Rights plans do not prevent offers to acquire the company, nor do such plans prevent the board of directors from considering and accepting any such offers that the board believes are in the best interest of the company and its stockholders. A 1997 study prepared by Georgeson Shareholder Communications Inc., a leading proxy solicitation and investor communications firm, concluded that rights plans do not reduce the likelihood that a company would receive a takeover bid.

The Rights Plan is intended to give the board more time to evaluate a takeover proposal and to improve the boards bargaining power with the bidder on behalf of all stockholders. The Rights Plan deters coercive takeover tactics, such as partial or two-tiered tender offers, which transactions may not be in the best interest of the company and its stockholders. A Rights Plan also protects a company and its shareholders from an acquirer taking advantage of stock market dips to buy control of the company through a creeping stock accumulation program without paying shareholders a takeover premium. The board believes that a rights plan reinforces managements confidence to pursue strategic plans that are expected to maximize long-term shareholder value even if they risk temporary stock price declines, since a rights plan can protect against an opportunistic bidder from buying the Company at an inadequate price that does not fully reflect the Companys long-term value. Thus, the Rights Plan strengthens the ability of the board, in the exercise of its fiduciary duties, to protect and maximize the value of

stockholders investment in the company. Similar plans have been adopted by over 2000 companies, including nearly 60% of the companies listed on the Standard & Poors 500 index.

There is strong empirical evidence that the Rights Plan better positions the board to negotiate the most attractive and fair price for all stockholders in the event there is a bid to acquire the company. The 1997 Georgeson study estimates that during the period from 1992 to 1996, companies with rights plans received $13 billion in additional takeover premiums. That Georgeson study and a 2001 study by J.P. Morgan found that takeover premiums averaged approximately 8% higher for companies with rights plan protection than companies without rights plans. The J.P. Morgan study also reaffirmed the results of previous studies that showed that the adoption of a rights plan has no negative effect on the stock price of the company.

The use of a Rights Plan by a board to maximize shareholder value was illustrated in the recent hostile takeover bid by Weyerhauser Co. for Willamette Industries Inc. Willamettes board had rejected Weyerhausers initial $5.4 billion takeover bid as inadequate, and refused to redeem Willamettes rights plan. Ultimately, Willamettes board negotiated with Weyerhauser to increase its offer to $6.1 billion, which Willamettes board accepted and rescinded its rights plan. Willamettes board was able to use its takeover defenses, including its rights plan, to obtain $700 million more for Willamettes shareholders.

The board believes that the continued existence of Pitney Bowes Rights Plan is in the best interest of the company and its stockholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THIS PROPOSAL

Executive Officer Compensation

The Executive Compensation Committee (the Committee), which is composed of four independent (non-employee) directors, oversees the company s executive compensation programs and establishes its executive compensation policies. (A description of the Committee s duties appears on page 11.) The Committee reports on executive compensation to all of the independent directors of the board (the Independent Directors) and makes recommendations to the Independent Directors regarding specific executive officer compensation matters with respect to which the Independent Directors have final approval. (See Report on Executive Compensation beginning on page 21.)

Summary Compensation Table. The following table (Table I) shows all compensation paid or granted, during or with respect to the 2002 fiscal year and the two previous fiscal years, to the chief executive officer and to the four other highest paid executive officers for services rendered to the company and its subsidiaries during 2002. (Persons in this group are referred to herein individually as a Named Executive Officer and collectively as the Named Executive Officers, and, unless otherwise noted, the titles listed are the titles held as of the end of the 2002 fiscal year.)

TABLE I

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation		
					Grants	Payouts	
Name and Principal Position	Year	Salary ($) (000)	Annual Incentive ($) (000)	Other Annual Compensation ($) (000)	Stock Options (#)	LTIP Payouts ($)(1) (000)	All Other Compen-sation ($)(2) (000)
Michael J. Critelli							