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PITNEY BOWES INC /DE/  
Form 8-K  
July 20, 2006

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

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FORM 8-K

CURRENT REPORT

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

JULY 20, 2006 (JULY 14, 2006)  
Date of Report (Date of earliest event reported)

PITNEY BOWES INC.  
(Exact name of registrant as specified in its charter)

DELAWARE	1-3579	06-0495050
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(I.R.S. Employer Identification No.)

WORLD HEADQUARTERS  
1 ELMCROFT ROAD  
STAMFORD, CONNECTICUT 06926-0700  
(Address of principal executive offices)

(203) 356-5000  
(Registrant's telephone number, including area code)

NOT APPLICABLE  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

SECTION 2 - FINANCIAL INFORMATION

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### ITEM 2.01. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

On July 14, 2006, Pitney Bowes Inc. ("Pitney Bowes") completed the sale of its Capital Services external financing business pursuant to the sale of all of the outstanding shares of Pitney Bowes Credit Corporation (PBCC), which was a wholly-owned subsidiary of Pitney Bowes to JCC Management LLC, an affiliate of Cerberus Capital Management L.P. (the "Purchaser").

Net of transaction expenses, Pitney Bowes received approximately \$750 million from the disposition of the business. In addition, the Purchaser assumed approximately \$470 million of Pitney Bowes' non-recourse debt and other liabilities in connection with this transaction. The sale was completed in accordance with the terms of the Stock Purchase Agreement, dated May 16, 2006, by and between Pitney Bowes and the Purchaser (the "Purchase Agreement").

Other than in respect of the Purchase Agreement and the agreements entered into in connection therewith, there are no material relationships between Pitney Bowes and its affiliates, on the one hand, and the Purchaser, and its respective affiliates, on the other hand.

Pitney Bowes' press release dated July 17, 2006 announcing the completion of the sale is attached hereto as Exhibit 99.1 and incorporated herein by reference.

### ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

#### (b) Proforma Financial Information

The following unaudited pro forma consolidated balance sheet as of March 31, 2006 and the unaudited consolidated statements of income for the years ended December 31, 2005, 2004, and 2003 and the three months ended March 31, 2006 and 2005, have been prepared to present the consolidated financial position and the consolidated results of operations of Pitney Bowes as if the sale of its Capital Services external financing business had occurred on March 31, 2006 for the unaudited pro forma consolidated balance sheet and at the beginning of each period presented for the unaudited pro forma consolidated statements of income. The unaudited pro forma financial information was prepared in accordance with Article 11 of Regulation S-X.

The unaudited pro forma consolidated financial statements should be read together with Pitney Bowes' historical consolidated financial statements in the Quarterly Report on Form 10-Q for the three months ended March 31, 2006 and in the Annual Report on Form 10-K for the year ended December 31, 2005.

The unaudited pro forma consolidated financial statements are presented for illustrative purposes only and, therefore, are not necessarily indicative of the operating results and financial position that may occur in the future.

PITNEY BOWES INC.  
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
MARCH 31, 2006  
(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

As reported                      Capit  
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ASSETS

Current assets:

Cash and cash equivalents	\$ 195,341	\$ (7
Short-term investments	70,795	
Accounts receivables, less allowances: 3/06, \$46,646; 12/05, \$46,261	660,270	
Finance receivables, less allowances: 3/06, \$56,488; 12/05, \$52,622 .	1,425,953	
Inventories	225,870	
Other current assets and prepayments	215,225	
	-----	
Total current assets	2,793,454	(6
Property, plant and equipment, net	615,544	
Rental property and equipment, net	1,006,466	5
Property leased under capital leases, net	2,673	
Long-term finance receivables, less allowances: 3/06, \$70,133; 12/05, \$76,240	1,831,442	1
Investment in leveraged leases	1,413,717	1,1
Goodwill	1,646,883	
Intangible assets, net	349,564	
Other assets	928,719	
	-----	
Total assets	\$10,588,462	\$ 1,2
	=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued liabilities	\$ 1,453,641	\$
Income taxes payable	85,806	(9
Notes payable and current portion of long-term obligations	894,232	
Advance billings	496,534	
	-----	
Total current liabilities	2,930,213	(9
Deferred taxes on income	1,907,769	1,2
Long-term debt	3,778,208	4
Other noncurrent liabilities	313,673	
	-----	
Total liabilities	8,929,863	8
	-----	
Preferred stockholders' equity in a subsidiary company	310,000	
Total stockholders' equity	1,348,599	4
	-----	
Total liabilities and stockholders' equity	\$10,588,462	\$ 1,2
	=====	

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2005  
 (AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

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	As reported	Capital Services (D)
Revenue from:		
Sales	\$ 1,633,348	\$ --
Rentals	801,285	--
Financing	650,226	--
Support services	791,360	--
Business services	1,477,459	--
Capital Services	138,505	81,725
Total revenue	5,492,183	81,725
Costs and expenses:		
Cost of sales	711,373	--
Cost of rentals	165,963	--
Cost of support services	407,044	--
Cost of business services	1,194,649	--
Selling, general and administrative	1,685,419	35,150
Research and development	164,806	--
Restructuring charge	53,650	--
Other expense	33,897	25,226
Interest, net	208,258	11,465
Total costs and expenses	4,625,059	71,841
Income from continuing operations before income taxes	867,124	9,884
Provision for income taxes	340,546	(7,279)
Income from continuing operations	\$ 526,578	\$ 17,163
EPS Impact:		
Basic	\$ 2.30	\$ 0.07
Diluted	\$ 2.27	\$ 0.07

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2004  
 (AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	As reported	Capital Services (D)
Revenue from:		

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Sales	\$ 1,462,967	\$ --
Rentals	804,351	--
Financing	597,792	--
Support services	680,702	--
Business services	1,270,113	--
Capital Services	141,515	84,652
	-----	-----
Total revenue	4,957,440	84,652
	-----	-----
Costs and expenses:		
Cost of sales	663,584	--
Cost of rentals	164,074	--
Cost of support services	353,658	--
Cost of business services	1,046,747	--
Cost of Capital Services	13,017	13,017
Selling, general and administrative	1,506,308	20,637
Research and development	159,835	--
Restructuring charge	157,634	--
Other expense	19,666	--
Interest, net	173,469	10,753
	-----	-----
Total costs and expenses	4,257,992	44,407
	-----	-----
Income from continuing operations before income taxes	699,448	40,245
Provision for income taxes	218,922	2,538
	-----	-----
Income from continuing operations	\$ 480,526	\$ 37,707
EPS Impact:		
Basic	\$ 2.08	\$ 0.16
Diluted	\$ 2.05	\$ 0.16

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2003  
 (AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	As reported	Capital Services (D)
	-----	-----
Revenue from:		
Sales	\$ 1,325,490	\$ --
Rentals	785,130	--

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Financing	575,574	--
Support services	617,800	--
Business services	1,119,146	--
Capital Services	153,713	98,380
	-----	-----
Total revenue	4,576,853	98,380
	-----	-----
Costs and expenses:		
Cost of sales	611,620	--
Cost of rentals	170,557	--
Cost of support services	323,279	--
Cost of business services	921,027	--
Selling, general and administrative	1,396,848	29,959
Research and development	147,262	--
Restructuring charge	116,713	--
Other income	(117)	--
Interest, net	168,573	793
	-----	-----
Total costs and expenses	3,855,762	30,752
	-----	-----
Income from continuing operations before income taxes	721,091	67,628
Provision for income taxes	226,244	12,365
	-----	-----
Income from continuing operations	\$ 494,847	\$ 55,263
EPS Impact:		
Basic	\$ 2.12	\$ 0.24
Diluted	\$ 2.09	\$ 0.23

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE THREE MONTHS ENDED MARCH 31, 2006  
 (AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	As reported	Capital Ser
	-----	-----
Revenue from:		
Sales	\$ 405,778	\$
Rentals	196,812	
Financing	174,996	
Support services	194,543	
Business services	386,368	

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Capital Services	45,607	28,
Total revenue	1,404,104	28,
Costs and expenses:		
Cost of sales	177,446	
Cost of rentals	43,539	
Cost of support services	102,615	
Cost of business services	306,326	
Selling, general and administrative	439,865	16,
Research and development	41,536	
Restructuring charge	5,597	
Other income	(10,599)	(10,
Interest, net	65,330	9,
Total costs and expenses	1,171,655	14,
Income from continuing operations before income taxes	232,449	14,
Provision for income taxes	78,921	4,
Income from continuing operations	\$ 153,528	\$ 9,
EPS Impact:		
Basic	\$ 0.68	\$ 0
Diluted	\$ 0.67	\$ 0

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
 FOR THE THREE MONTHS ENDED MARCH 31, 2005  
 (AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	As reported	Capital S
Revenue from:		
Sales	\$ 381,427	\$
Rentals	201,641	
Financing	157,275	
Support services	194,934	
Business services	349,103	
Capital Services	33,408	1
Total revenue	1,317,788	1

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Costs and expenses:		
Cost of sales	168,221	
Cost of rentals	42,317	
Cost of support services	100,366	
Cost of business services	289,110	
Selling, general and administrative	413,810	
Research and development	41,778	
Restructuring gain	(15,840)	
Other expense	10,000	
Interest, net	46,816	
	-----	
Total costs and expenses	1,096,578	1
	-----	
Income from continuing operations before income taxes	221,210	
Provision for income taxes	75,935	
	-----	
Income from continuing operations	\$ 145,275	\$
EPS Impact:		
Basic	\$ 0.63	\$
Diluted	\$ 0.62	\$

See accompanying notes to unaudited pro forma consolidated financial statements.

PITNEY BOWES INC.  
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

- A. Includes net cash proceeds from the sale of approximately \$750 million.
- B. Reflects the current taxes payable of approximately \$977 million resulting from the sale.
- C. Reflects the net after-tax loss upon sale.
- D. Reflects the removal of Capital Services' results for the period.
- E. The Company adopted the provisions of SFAS No. 123 (R) (revised 2004), "Share-Based Payments" on January 1, 2006 using the modified retrospective application. These adjustments reflect the impact of SFAS No. 123 (R) as if the adoption had occurred at the beginning of the respective period.

(c) Exhibits

- 99.1 Press release of Pitney Bowes Inc. dated July 17, 2006



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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.

July 20, 2006

/s/ B.P. Nolop

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

/s/ S.J. Green

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S.J. Green  
Vice President - Finance and  
Chief Accounting Officer  
(Principal Accounting Officer)