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PITNEY BOWES INC /DE/  
Form 8-K  
October 23, 2003

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

FORM 8 - K  
CURRENT REPORT

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

Date of Report (Date of earliest event reported): October 23, 2003

PITNEY BOWES INC.

Commission File Number: 1-3579

State of Incorporation  
Delaware

IRS Employer Identification No.  
06-0495050

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

Item 9 - Regulation FD Disclosure

The following information is furnished pursuant to Item 9, "Regulation FD Disclosure" and Item 12, "Disclosure of Results of Operations and Financial Condition."

On October 23, 2003, the registrant issued a press release setting forth its third quarter 2003 earnings. A copy of its press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Signatures  
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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

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October 23, 2003

PITNEY BOWES INC.

/s/ B.P. Nolop

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

/s/ J.R. Catapano

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J. R. Catapano  
Controller  
(Principal Accounting Officer)

Index to Exhibit

Exhibit	Description
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99.1	Press release, dated October 23, 2003.

Exhibit 99.1  
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FOR IMMEDIATE RELEASE  
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PITNEY BOWES RESULTS IN LINE WITH GUIDANCE FOR THIRD QUARTER 2003  
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- o Revenue Growth of 2%
- o Cash from Operations of \$250 Million
- o Acquisition of DDD Company
- o 1.3 Million Shares Repurchased

STAMFORD, Conn., October 23, 2003 - Pitney Bowes Inc. (NYSE: PBI) today announced third quarter 2003 revenue and earnings performance in line with previous guidance.

Commenting on the quarter, Chairman and CEO Michael J. Critelli said, "We are pleased with the financial results that we achieved in the midst of lingering economic sluggishness worldwide. The strength of our business model is the ability to generate consistent earnings and cash from operations even in an unpredictable economy. During the quarter, we continued to implement our strategic imperatives to enhance our core businesses, streamline our infrastructure and execute our growth strategy. Key actions to enhance our future growth included our acquisition of the DDD Company earlier today, and continued investment in infrastructure improvements, organizational transformation and research and development."

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Revenue for the quarter grew two percent to \$1.14 billion and net income was \$118.5 million or \$.50 per diluted share. In January this year the company announced a restructuring program to implement its growth plan and estimated a total of \$100 million in after-tax charges over the 2003-2004 period. There were \$28 million in after-tax charges associated with the program during the quarter, bringing the total to approximately \$62 million in after-tax charges year-to-date. Excluding the quarter's after-tax restructuring charge of \$.12 per diluted share, third quarter diluted earnings per share were \$.62.

(1)

Consistent with its previously announced strategy to exit large-ticket, non-core financing activity, the company's third quarter 2003 diluted earnings per share included \$.04 per share from non-core Capital Services operations compared to \$.06 per diluted share in the third quarter of 2002.

The company also generated \$250 million in cash from operations during the quarter. Subtracting \$76 million in capital expenditures and excluding \$18 million in payments associated with the restructuring program, free cash flow was \$192 million during the quarter. The company repurchased 1.3 million of its shares during the quarter for \$50 million, leaving \$160 million of authorization for future share repurchases in 2003 and 2004.

In the Global Mailing Segment, revenue increased three percent and operating profit increased four percent. In the U.S., organic revenue growth was flat during the quarter. The continued effects of a sluggish economy were offset by favorable market acceptance of the productivity-enhancing digital mailing systems and good placements of mail creation products. The PSI Group celebrated its first year anniversary as a Pitney Bowes company in August. The company experienced continued operating profit improvement with the integration of previously acquired processing sites into its growing national network.

Non-U.S. revenue grew at a double-digit rate as a result of favorable foreign currency exchange rates, but was flat on a local currency basis. Canada continued to have good revenue and operating profit growth driven by increased leasing of equipment, improved service revenue, and strong placements of high-end production mail systems. France experienced another quarter of excellent operating profit growth due to continued success in the integration of the Secap organization. In contrast, deteriorating economic conditions contributed to declining revenue in parts of Europe, such as Germany, and Asia.

The Enterprise Solutions Segment includes Pitney Bowes Management Services (PBMS) and Document Messaging Technologies (DMT). The segment reported one percent decline in revenue while operating profit grew one percent versus the prior year.

(2)

PBMS reported flat revenue growth of \$248 million when compared to the prior year, while operating profit grew one percent. During the quarter, PBMS continued its actions to offset economic sensitivity by reducing general and administrative expenses and diversifying into other market segments such as federal and state governments. The acquisition of the DDD Company demonstrates PBMS' strategy to accelerate diversification into the potentially lucrative government sector as well as to expand cross-selling opportunities.

DMT reported revenue of \$60 million for the quarter, a decrease of four percent from the prior year, but an increase of three percent from the prior quarter. Operating profit improved versus the prior year and versus the prior quarter. Even though orders for inserter equipment have been strong over the last several months, realization of these sales has been delayed due to the long lead times required to manufacture and deliver this customized equipment to customers.

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

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In the Capital Services Segment, revenue for the quarter declined one percent while operating profit grew three percent. The segment benefited from the relatively good performance of core Capital Services assets, the sales of selected non-core Capital Services assets and continued low interest rates. Excluding the positive impact of lower interest expense, the earnings before interest and taxes (EBIT) for the segment declined by five percent compared to prior year. During the quarter, the company liquidated approximately \$45 million of its assets held for sale, and continued to pursue the sale of other non-core lease assets on an economically advantageous basis, which resulted in the sale of an additional \$58 million of assets from the portfolio during the quarter.

The company expects year-over-year revenue growth for the fourth quarter to be in the range of two to four percent. The company is still finalizing future plans related to previously announced restructuring initiatives, a portion of which will be recorded in the fourth quarter of 2003. Therefore, earnings guidance is provided excluding the impact of these charges and the impact of any new accounting standards. Diluted earnings per share are expected to be in the range of \$.65 to \$.67 for the fourth quarter 2003.

(3)

In year-over-year comparisons, third quarter 2003 revenue included \$322.1 million from sales of equipment and supplies, down three percent from the prior year; \$214.7 million from rentals, up three percent; \$134.6 million from core financing, flat with the prior year; \$30.6 million from non-core financing down four percent; \$275.8 million from business services, up six percent; and \$159.3 million from support services, up eight percent. Net income for the quarter was \$118.5 million, or \$.50 per diluted share, down 18 percent compared to the third quarter of 2002. Included in net income for the period was a \$43 million pre-tax restructuring charge. Excluding the after-tax impact of this charge, net income was \$146.0 million and diluted earnings per share were \$.62 in the third quarter of 2003, an increase of one percent compared to the prior year.

For the nine-month period ended September 30, 2003, total revenue was \$3.36 billion, up four percent compared to 2002. Included in total revenue was \$940.8 million from sales of equipment and supplies, down three percent; \$640.4 million from rentals, up four percent; \$404.9 million from core financing, up two percent; \$87.0 million from non-core financing down 16 percent; \$827.7 million from business services, up 12 percent; and \$461.0 million from support services, up eight percent. Net income for the period was \$351.3 million or \$1.49 per diluted share down 14 percent compared to 2002. Included in net income for the period was \$96 million in pre-tax restructuring charges. Excluding the after-tax impact of these charges, net income was \$413.0 million and diluted earnings per share were \$1.75, an increase of one percent versus the prior year.

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

Pitney Bowes engineers the flow of communication. The company is a \$4.4 billion global leader of integrated mail and document management solutions headquartered in Stamford, Connecticut. For more information about the company, its products, services and solutions, visit [www.pitneybowes.com](http://www.pitneybowes.com).

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

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(4)

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

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

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

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in the Investor Relations section.

The statements contained in this news release that are not purely historical are forward-looking statements with the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements may be identified by their use of forward-looking terminology such as the words "expects," "anticipates," "intends" and other similar words. Such forward-looking statements include, but are not limited to, statements about possible restructuring charges and our future guidance, including our expected revenue in the fourth quarter and full year 2003, and our expected diluted earnings per share for the fourth quarter and for the full year 2003. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to: severe adverse changes in the economic environment, timely development and acceptance of new products or gaining product approval; successful entry into new markets; changes in interest rates; and changes in postal regulations, as more fully outlined in the company's 2002 Form 10-K Annual Report filed with the Securities and Exchange Commission. In addition, the forward-looking statements are subject to change based on the timing and specific terms of any announced acquisitions. The forward-looking statements contained in this news release are made as of the date hereof and we do not assume any obligation to update the reasons why actual results could differ materially from those projected in the forward-looking statements.

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Note: Consolidated statements of income for the three and nine months ended September 30, 2003 and 2002, and consolidated balance sheets at September 30, 2003, June 30, 2003, and September 30, 2002, are attached.

(5)

Pitney Bowes Inc.  
Consolidated Statements of Income  
(Unaudited)  
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(Dollars in thousands, except per share data)

	Three Months Ended September 30,		
	2003	2002	
Revenue from:			
Sales	\$ 322,123	\$ 332,298	\$
Rentals	214,720	208,182	
Core financing	134,611	134,271	
Non-core financing	30,557	31,930	
Business services	275,809	260,183	
Support services	159,329	147,207	
	-----	-----	
Total revenue	1,137,149	1,114,071	
	-----	-----	
Costs and expenses:			
Cost of sales	143,792	146,651	
Cost of rentals	42,595	43,294	
Cost of core financing	34,943	37,510	
Cost of non-core financing	11,869	10,278	
Cost of business services	227,821	210,102	
Cost of support services	82,701	77,163	
Selling, general and administrative	302,420	300,173	
Research and development	35,004	33,925	
Restructuring charge	43,109	-	
Interest, net	41,101	41,190	
	-----	-----	
Total costs and expenses	965,355	900,286	
	-----	-----	
Income before income taxes	171,794	213,785	
Provision for income taxes	53,340	66,899	
	-----	-----	
Net income	\$ 118,454	\$ 146,886	\$
	=====	=====	=====
Basic earnings per share			
Net income	\$ 0.51	\$ 0.62	\$
Restructuring charge	0.12	-	
	-----	-----	
Net income excluding restructuring charge	\$ 0.63	\$ 0.62	\$
	=====	=====	=====
Diluted earnings per share			
Net income	\$ 0.50	\$ 0.61	\$
Restructuring charge	0.12	-	
	-----	-----	
Net income excluding restructuring charge	\$ 0.62	\$ 0.61	\$
	=====	=====	=====
Average common and potential common			

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shares outstanding 236,084,234 240,323,222

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Pitney Bowes Inc.  
Consolidated Balance Sheets  
(Unaudited)  
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(Dollars in thousands, except per share data)

Assets

-----

	9/30/03	6/30/03
	-----	-----
Current assets:		
Cash and cash equivalents	\$ 285,254	\$ 358,167
Short-term investments, at cost which approximates market	5,677	7,464
Accounts receivable, less allowances:		
9/03 \$36,791 6/03 \$37,560 9/02 \$34,064	420,100	417,157
Finance receivables, less allowances:		
9/03 \$60,897 6/03 \$65,939 9/02 \$68,228	1,357,041	1,388,248
Inventories	228,513	231,425
Other current assets and prepayments	194,043	192,679
	-----	-----
Total current assets	2,490,628	2,595,140
	-----	-----
Property, plant and equipment, net	631,320	647,682
Rental equipment and related inventories, net	419,008	426,996
Property leased under capital leases, net	2,191	2,245
Long-term finance receivables, less allowances:		
9/03 \$80,202 6/03 \$77,131 9/02 \$66,395	1,608,752	1,637,674
Investment in leveraged leases	1,499,123	1,542,640
Goodwill	899,023	911,347
Other assets	1,101,664	1,108,596
	-----	-----
Total assets	\$ 8,651,709	\$ 8,872,320
	=====	=====
Liabilities and stockholders' equity		
-----		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,338,237	\$ 1,319,719
Income taxes payable	195,428	170,863
Notes payable and current portion of long-term obligations	565,124	582,203
Advance billings	369,504	373,697
	-----	-----
Total current liabilities	2,468,293	2,446,482
	-----	-----
Deferred taxes on income	1,569,744	1,556,269

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Long-term debt	3,004,287	3,240,110	
Other noncurrent liabilities	342,081	349,487	
	-----	-----	
Total liabilities	7,384,405	7,592,348	
	-----	-----	
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	1,344	1,368	
Common stock, \$1 par value	323,338	323,338	
Capital in excess of par value	-	-	
Retained earnings	3,977,074	3,930,970	
Accumulated other comprehensive income	(57,737)	(40,474)	
Treasury stock, at cost	(3,286,734)	(3,245,249)	
	-----	-----	
Total stockholders' equity	957,304	969,972	
	-----	-----	
Total liabilities and stockholders' equity	\$ 8,651,709	\$ 8,872,320	\$
	=====	=====	=====

Pitney Bowes Inc.  
Revenue and Operating Profit  
By Business Segment  
September 30, 2003  
(Unaudited)

(Dollars in thousands)

	2003	2002	% Change
	-----	-----	-----
Third Quarter			
-----			
Revenue			
-----			
Global Mailing	\$ 788,135	\$ 762,630	3%
Enterprise Solutions	307,803	309,797	(1%)
	-----	-----	-----
Total Messaging Solutions	1,095,938	1,072,427	2%
	-----	-----	-----
Non-core	30,557	31,930	(4%)
Core	10,654	9,714	10%
	-----	-----	-----
Capital Services	41,211	41,644	(1%)
	-----	-----	-----



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Total Revenue	\$ 1,137,149	\$ 1,114,071	2%
	=====	=====	=====
Operating Profit (1)			
-----			
Global Mailing	\$ 236,268	\$ 226,121	4%
Enterprise Solutions	19,056	18,914	1%
	-----	-----	-----
Total Messaging Solutions	255,324	245,035	4%
	-----	-----	-----
Non-core	13,365	13,820	(3%)
Core	5,443	4,409	23%
	-----	-----	-----
Capital Services	18,808	18,229	3%
	-----	-----	-----
Total Operating Profit	274,132	263,264	4%
Unallocated amounts:			
Net interest (corporate interest expense, net of intercompany transactions)	(27,248)	(20,227)	
Corporate expense	(31,981)	(29,252)	
Restructuring charge	(43,109)	-	
	-----	-----	
Income before income taxes	\$ 171,794	\$ 213,785	
	=====	=====	

Pitney Bowes Inc.  
Revenue and Operating Profit  
By Business Segment  
September 30, 2003  
(Unaudited)

(Dollars in thousands)

	2003	2002	% Change
	-----	-----	-----
Year to Date			
-----			
Revenue			
-----			
Global Mailing	\$ 2,321,961	\$ 2,211,924	5%
Enterprise Solutions	921,653	900,318	2%
	-----	-----	-----
Total Messaging Solutions	3,243,614	3,112,242	4%
	-----	-----	-----
Non-core	86,962	102,926	(16%)

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Core	31,260	29,736	5%
Capital Services	118,222	132,662	(11%)
Total Revenue	\$ 3,361,836	\$ 3,244,904	4%
Operating Profit (1)			
Global Mailing	\$ 692,939	\$ 652,789	6%
Enterprise Solutions	46,729	58,849	(21%)
Total Messaging Solutions	739,668	711,638	4%
Non-core	37,721	45,323	(17%)
Core	15,941	12,472	28%
Capital Services	53,662	57,795	(7%)
Total Operating Profit	793,330	769,433	3%
Unallocated amounts:			
Net interest (corporate interest expense, net of intercompany transactions)	(79,803)	(63,386)	
Corporate expense	(106,025)	(95,412)	
Restructuring charge	(96,465)	-	
Income before income taxes	\$ 511,037	\$ 610,635	

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

(Dollars in thousands, except per share amounts)

	Three months ended September 30, 2003	Nine months ended September 30, 2003
GAAP income before income taxes, as reported	\$ 171,794	\$ 511,037
Restructuring charge	43,109	96,465
Income before income taxes, as adjusted	214,903	607,502
Provision for income taxes, as adjusted	68,859	194,511
Net income, as adjusted	\$ 146,044	\$ 412,991
GAAP diluted earnings per share, as reported	\$ 0.50	\$ 1.49

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Restructuring charge	0.12	0.26
Diluted earnings per share, as adjusted	\$ 0.62	\$ 1.75
GAAP net cash provided by operating activities, as reported	\$ 250,007	\$ 675,843
Net investment in fixed assets	(75,783)	(214,138)
Free cash flow	174,224	461,705
Payments related to restructuring charge	18,032	41,754
Free cash flow excluding restructuring payments	\$ 192,256	\$ 503,459
	Three months ended September 30, 2003	Three months ended September 30, 2002
GAAP Capital Services operating profit, as reported	\$ 18,808	\$ 18,229
Capital Services interest expense	7,362	9,395
Earnings before interest and taxes (EBIT)	\$ 26,170	\$ 27,624