PITNEY BOWES INC /DE/
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March 25, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by Registrant þ

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Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

þ Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Materials Pursuant to §240.14a-12

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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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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NOTICE OF THE 2013 ANNUAL MEETING AND PROXY STATEMENT

PITNEY BOWES INC.
WORLD HEADQUARTERS
1 ELMCROFT ROAD
STAMFORD, CONNECTICUT 06926-0700
(203) 356-5000

To the Stockholders:

We will hold our 2013 annual meeting of stockholders at 9:00 a.m. on Monday, May 13, 2013 at our World Headquarters in Stamford, Connecticut. The Notice of Meeting and Proxy Statement and accompanying proxy card describe in detail the matters to be acted upon at the meeting.

One proposal on the agenda for the annual meeting is our advisory Say-on-Pay vote to approve the compensation of our named executive officers. At the 2012 annual meeting of stockholders, a majority of the votes cast were against our Say-on-Pay proposal. The Board of Directors and the Executive Compensation Committee took the results very seriously and engaged many of our largest stockholders, carefully reviewed our executive compensation program and made many changes as more fully described in the Compensation Discussion and Analysis section of this proxy statement, which we encourage you to read carefully.

It is important that your shares be represented at the meeting. Whether or not you plan to attend, please submit a proxy through one of the three convenient methods described in this proxy statement in order for your shares to be voted at the meeting. Your vote is important so please act at your first opportunity.

We have elected to furnish proxy materials and the Annual Report to Stockholders, including the Report on Form 10-K for the year ended December 31, 2012, to many of our stockholders over the Internet pursuant to Securities and Exchange Commission rules. We urge you to review those materials as well as our proxy statement for information on our financial results and business operations over the past year. The Internet availability of our proxy materials affords us an opportunity to reduce costs while providing stockholders the information they need. On or about March 25, 2013, we started mailing to many of our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and annual report and how to submit a proxy online along with instructions on how to receive a printed copy of the proxy statement and annual report. We provided a copy of the annual meeting materials to all other stockholders by mail or through electronic delivery.

If you receive your annual meeting materials by mail, the Notice of Meeting and Proxy Statement, Annual Report to Stockholders, including the Report on Form 10-K for the year ended December 31, 2012 and proxy card are enclosed. Whether or not you plan to attend the annual meeting in person, please mark, sign, date and return your proxy card in the enclosed prepaid envelope, or submit your proxy via telephone or the Internet, as soon as possible in order for your shares to be voted at the meeting. If you decide to attend the annual meeting and wish to change your vote, you may do so by submitting a later dated proxy or by voting in person at the annual meeting. If you received your annual meeting materials via e-mail, the e-mail contains voting instructions and links to the proxy statement and annual report on the Internet, which are also available at www.proxyvote.com.

We look forward to seeing you at the meeting.

Michael I. Roth
Non-Executive Chairman of the Board

Stamford, Connecticut
March 25, 2013

Notice of Meeting:

The annual meeting of stockholders of Pitney Bowes Inc. will be held on Monday, May 13, 2013, at 9:00 a.m. at the company s World Headquarters, 1 Elmcroft Road, Stamford, Connecticut 06926-0700. Directions to Pitney Bowes World Headquarters appear on the back cover page of the proxy statement.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be held on May 13, 2013:

Pitney Bowes 2013 Proxy Statement and Annual Report to Stockholders, including the Report on Form 10-K for the year ended December 31, 2012, are available at www.proxyvote.com.

The items of business at the annual meeting are:

1. Election of 10 Directors named in the proxy statement.
2. Ratification of the Audit Committee s Appointment of the Independent Accountants for 2013.
3. Advisory Vote to Approve Executive Compensation.
4. Approval of the 2013 Stock Plan.
5. Such other matters as may properly come before the meeting, including any continuation of the meeting caused by any adjournment or postponement of the meeting.

March 15, 2013 is the record date for the meeting.

This proxy statement and accompanying proxy card are first being distributed or made available via the Internet beginning on or about March 25, 2013.

Amy C. Corn
Corporate Secretary

NOTICE: Brokers are not permitted to vote on our proposals regarding the election of directors, executive compensation and certain other matters without instructions from the beneficial owner. Your vote is important. Therefore, if your shares are held through a broker, please instruct your broker, bank or other nominee on how to vote your shares. For your vote to be counted with respect to proposals 1, 3 or 4, you will need to communicate your voting decisions to your broker, bank, financial institution or other nominee before the date of the stockholders meeting.

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Proxy Summary

In this summary we highlight certain information contained elsewhere in this proxy statement. This is only a summary and does not contain all the information you should consider before you submit your proxy or vote. Please read the complete proxy statement and Annual Report on Form 10-K before you submit your proxy or vote.

Annual Meeting Information

Time and Date:	**Monday, May 13, 2013 at 9:00 a.m.**
Place:	Pitney Bowes World Headquarters 1 Elmcroft Road Stamford, CT 06926-0700
Requirements for Attending the Meeting:	Admission card which is attached to your proxy card together with a form of photo identification, such as a driver s license. If your shares are held in the name of a bank, broker or nominee, you must present proof of your ownership (such as bank or brokerage account statement).
Record Date:	March 15, 2013
Voting:	Stockholders as of the record date (March 15, 2013) are entitled to submit proxies by Internet at www.proxyvote.com; telephone at 1-800-690-6903; completing your proxy card or voter instruction card; or in person at the annual meeting. If you hold your shares through a broker, bank, trustee or other nominee, you are a beneficial owner and should refer to instructions provided by that entity on voting methods.

New CEO and Separation of Chairman and CEO Roles

Effective December 3, 2012, the board of directors elected Marc B. Lautenbach as our new President and Chief Executive Officer (CEO). He was also elected to the board of directors for a term expiring at the 2013 annual meeting of stockholders. At the same time, the board of directors separated the roles of Chairman and Chief Executive Officer and appointed Michael I. Roth to the newly created role of Non-Executive Chairman of the board of directors. Prior to this appointment, Mr. Roth served as Lead Director for the board. The Non-Executive Chairman position has replaced the Lead Director position. Our former CEO, Murray D. Martin, resigned effective December 3, 2012, from his position as Chairman, President and Chief Executive Officer and as a member of the board. He was elected Executive Vice President for a term expiring February 6, 2013, to work with Mr. Lautenbach on an effective transition until his retirement at that time.

2012 Performance

Revenue for 2012 decreased 4% to $4,904 million compared to $5,123 million in 2011 with worldwide economic conditions, pricing pressures, declining mail volumes and constrained public sector spending in Europe, contributing to the decline. Net income from continuing operations and earnings per diluted share for 2012 were $436 million and $2.16, respectively, compared to $401 million and $1.98, respectively, in 2011. The improvement in earnings per share in 2012 over 2011 was primarily due to lower restructuring charges in 2012 and a 2011 goodwill impairment charge partially offset by higher tax expense due to tax benefits recognized from tax settlements in 2011.

Worldwide economic conditions continue to create a challenging business environment causing many of our clients to remain cautious about spending and therefore impacting the performance of our business segments. Our growth initiatives continue to focus on leveraging our expertise in physical communications with our expanding capabilities in digital and hybrid communications and developing products, software, services and solutions that help our clients grow their businesses by more effectively communicating with their customers. We expect to make continued investments in these growth initiatives.

2012 Announcement Highlights

- Announced multi-year agreement with Facebook to offer global geocoding, reverse geocoding and other location intelligence applications, representing our advantage in industry-leading technology;
- Partnered with eBay to facilitate international ecommerce and cross-border sale of goods;
- Continued investment in Volly - announced partnership with Australia Post;
- Decided to exit the International Mail Services business as part of our portfolio shift from physical to digital;
- Retired a total of $550 million in debt, reflecting our commitment to reducing leverage;
- Issued debt totaling $340 million ($230 million in bank loans and $110 million in retail bonds) to take advantage of attractive financing terms and to provide funding for 2013 bond maturity; and
- Announced restructuring program with expected annualized cost savings of approximately $45 to $55 million beginning in 2013.

We urge stockholders to read our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission (SEC) on February 25, 2013, which describes our business and 2012 financial results in more detail.

Executive Compensation Program

Over the course of last year, the Executive Compensation Committee engaged in an extensive re-examination of our executive compensation program as a result of the Say-on-Pay vote at our 2012 annual meeting of stockholders. Before our 2012 annual meeting, the newly appointed chairman of the Executive Compensation Committee and members of management contacted stockholders holding approximately 60% of our outstanding shares to seek their views on our compensation approach. Following the majority vote by our stockholders against the Say-on-Pay resolution, the com-

mittee retained a new independent compensation consultant, Pay Governance LLC. After conducting its examination, including considering the feedback from stockholders and the negative Say-on-Pay vote, and obtaining advice from the compensation consultant, the Executive Compensation Committee and the independent board members made significant changes to our executive compensation program to enhance the alignment of our executive compensation program with stockholders interests. Following approval of the changes, the committee chairman again engaged our stockholders. He initiated contact with holders of approximately 64% of our outstanding shares and ultimately discussed the changes with more than a majority of those contacted. The stockholders responded favorably at those meetings to the compensation program changes.

Key Changes Made to our Executive Compensation Program

- Aligned the former CEO s annual incentive target to the median market competitive data, reducing it from 165% to 130% of base salary. We maintained the same target level for our new CEO;
- Enhanced the rigor and transparency of our annual incentive objectives by increasing the weight of the financial objectives to at least 80% and reducing the weight of strategic objectives to no more than 20%;
- Changed the type and mix of our long-term incentives and increased the performance-based component. Beginning in 2013, long-term incentives are composed of 60% cash incentive units (CIUs), and 40% restricted stock units (RSUs);
- Cancelled our former CEO s $2 million special Key Employee Incentive Plan (KEIP) award.
- Revised our peer group to better balance company size and business complexity;
- Enhanced disclosure of our performance targets;
- Eliminated the excise tax gross-ups; and
- Reduced severance benefits payable upon a change of control for officers by up to one-third at the most senior management levels.

Please see Compensation Discussion and Analysis Discussion of Compensation Actions Response to the 2012 Say-on-Pay Vote for a more complete description of these changes.

Reduced 2012 Payouts

We have a pay-for-performance philosophy that is the foundation of all decisions regarding compensation of our named executive officers. With the changes approved by the Executive Compensation Committee and the independent board members, we have enhanced the link between pay and performance in the design of our executive compensation program. Because the Executive Compensation Committee implemented the 2012 executive compensation program before the 2012 Say-on-Pay vote, some of the recent changes will not be reflected in the named executive officer compensation tables until 2013 executive compensation is reported in the 2014 proxy statement. Where possible, however, the committee retroactively adjusted compensation features and also further reduced the final payouts to align total compensation with our performance and our total stockholder return (TSR).

Given the special circumstances of this year, including the TSR, the limited ability to retroactively change many aspects of awards made prior to the 2012 Say-on-Pay vote, and to ensure a strong alignment of pay to performance, the committee concluded that lowering executive compensation was appropriate. The payout for the 2012 annual incentive and CIU awards was well below target as a result of overall below target performance.

- While 2012 performance against stated objectives under the annual incentive plan would have supported a pay-out of 75% of target, the committee used negative discretion to reduce the annual incentive payout by an additional 11% to 64% of target, which is 35% below the payout from the previous year.
- For the 2010-2012 CIU long-term incentive award, performance against objectives would have supported a pay-out of $1.42 per unit, before applying the TSR modifier. The TSR modifier reduced the CIU award payout by 20% to $1.14 per unit. The committee used negative discretion to reduce the CIU payout by an additional 35% to $0.74 per unit, which is 31% below the CIU payout one year ago. The committee reduced the payout from $1.42 per unit to $0.74 per unit to approximate the decline in our stock price over the three-year performance period.

Negative discretion is a concept from Internal Revenue Code 162(m) allowing tax deductibility in certain circumstances if compensation awards are considered performance-based . It also gives the Executive Compensation Committee the right to reduce the amount that would otherwise be payable based solely on the performance metrics achieved, yet still preserve the tax deductibility under IRC 162(m).

Please see Compensation Discussion and Analysis Compensation Payout Overview beginning on page 53 of this proxy statement for a more detailed discussion of the 2012 executive compensation awards and payouts.

Direct Compensation Components and Mix

For each named executive officer (NEO), the committee sets target total direct compensation levels (base salary plus annual and long-term incentives) so that the base salary, total cash compensation, and total direct compensation is at +/ 20% of the median for each position of the competitive data using the Towers Watson General Industry Executive Compensation Survey Report, as regressed for companies approximately our size. Named executive officer direct compensation is weighted toward variable compensation, where the actual amount earned may vary from the targeted amounts due to company performance.

Component	Percentage of Total Direct Compensation	Role	Comments
Base Salary		To provide competitive fixed pay based on responsibilities, skills and experience	Fixed compensation; increases influenced by executive s individual performance rating
Annual Incentive		To reward achievement of pre-established enterprise-wide short term objectives	Based on objective performance, however, individual performance rating can be factored into final payout
Long-Term Incentive		To reward achievement of pre-established enterprise-wide long term objectives that drive stockholder value	Awards are partially paid out in cash and partially in shares. Partially subject to objectives in addition to the 162(m) threshold target

Meeting Agenda Items

Proposal 1: Election of Directors

You are being asked to elect 10 directors. Two of our current directors, James H. Keyes and Robert E. Weissman, will retire from the board, as required by our Governance Principles, when their current terms end as of the 2013 annual meeting of stockholders. One of our current directors, Rodney Adkins, expressed a preference not to be re-nominated. Effective as of May 13, 2013, the board of directors reduced the size of the board from thirteen to ten members. Each of the other directors is standing for election to a one-year term ending as of the next annual meeting of stockholders in 2014 and until his successor has been duly elected and qualified.

All directors attended over 75% of the meetings of the board and board committees on which they served in 2012.

Summary Information about our Director Nominees

Director Nominee	Age	Director Since	Occupation	Independent**	Committees	Other Public Boards
Linda G. Alvarado	61	1992	President and CEO, Alvarado Construction, Inc.	X	Finance Governance	3M Company
Anne M. Busquet	63	2007	Principal, AMB Advisors, LLC	X	Finance Governance	Meetic S.A.
Roger Fradin	59	2012	President and CEO, Honeywell Automation and Control Solutions, Honeywell International, Inc.	X	Audit Finance	MSC Industrial Direct Co., Inc.
Anne Sutherland Fuchs	65	2005	Consultant to private equity firms	X	Audit Executive Compensation	Gartner, Inc.
S. Douglas Hutcheson	57	2012	CEO, Leap Wireless International, Inc.	X	Audit Finance	Leap Wireless International, Inc.
Marc B. Lautenbach	51	2012	President and CEO, Pitney Bowes Inc.		Executive	
Eduardo R. Menascé	67	2001	Retired President, Enterprise Solutions Group, Verizon Communications Inc.	X	Executive Executive Compensation*** Governance	John Wiley & Sons Inc., Hill-Rom Holdings, Inc., Hillenbrand, Inc.
Michael I. Roth*	67	1995	Chairman and CEO, The Interpublic Group of Companies, Inc.	X	Audit Executive*** Finance***	Ryman Hospitality Properties Inc., The Interpublic Group of Companies, Inc.
David L. Shedlarz	64	2001	Retired Vice Chairman, Pfizer Inc.	X	Audit*** Executive Finance	Teachers Insurance and Annuity Association, The Hershey Company
David B. Snow, Jr.	58	2006	Former Chairman and CEO, Medco Health Solutions, Inc.	X	Executive Executive Compensation Governance***	

* Non-Executive Chairman, Pitney Bowes Inc.

** In accordance with the New York Stock Exchange listing standards and the standards of independence, which are set forth in the Governance Principles of the Board of Directors available on our website at www.pb.com under the caption Our Company Leadership & Governance.

*** Committee Chair

Vote Required (Majority Vote)

In accordance with our By-laws, in an uncontested election, a majority of the votes cast is required for the election of directors. Abstentions and broker non-votes will not be votes cast and therefore will have no effect on the outcome of the vote. The board of directors Governance Principles provide that any nominee for director in this election who fails to receive a majority of votes cast in the affirmative must tender his or her resignation for consideration by the Governance Committee. The Governance Committee will recommend to the board of directors the action to be taken with respect to any offer of resignation. The board of directors will act on the Governance Committee s recommendation and publicly disclose its decision within 90 days from the date of the certification of the election results.

The board of directors recommends a vote FOR the election of the director candidates nominated by the board.

Proposal 2: Ratification of the Audit Committee s Appointment of the Independent Accountants for 2013

The board is asking stockholders to ratify the selection of PricewaterhouseCoopers LLP as our independent accountants for 2013.

Vote Required (Majority Vote)

Ratification of the appointment of our independent accountants requires the affirmative vote of a majority of the votes cast. Abstentions and broker non-votes will not be votes cast and therefore will have no effect on the outcome of the vote.

The board of directors recommends a vote FOR the ratification of PricewaterhouseCoopers LLP as our independent accountants for 2013.

Proposal 3: Advisory Vote to Approve Executive Compensation

The board is asking stockholders to approve, on an advisory basis, the compensation of the named executive officers as disclosed in this proxy statement. The board has determined to hold this advisory vote on an annual basis. The next advisory vote will be at the 2014 annual meeting of stockholders.

Vote Required (Majority Vote)

The vote on executive compensation is an advisory vote and the results will not be binding on the board or Pitney Bowes Inc. The affirmative vote of the majority of the votes cast will constitute the stockholders non-binding approval with respect to our executive compensation programs. Abstentions and broker non-votes will not be votes cast and therefore will have no effect on the outcome of the vote.

The board of directors recommends a vote FOR the approval of the advisory resolution on executive compensation.

Proposal 4: Approval of the Pitney Bowes Inc. 2013 Stock Plan

The board is asking stockholders to approve the Pitney Bowes Inc. 2013 Stock Plan. The plan will govern grants of stock-based awards to employees. A maximum of 19 million shares plus certain shares subject to awards under our current 2007 Stock Plan, will be available for grants under the Pitney Bowes Inc. 2013 Stock Plan. Any shares authorized but not awarded under our current 2007 Stock Plan will be extinguished under that plan upon approval of the 2013 Stock Plan.

Vote Required (Majority Vote)

Approval of the Pitney Bowes Inc. 2013 Stock Plan requires the affirmative vote of the majority of the votes cast. Abstentions and broker non-votes will not be votes cast and therefore will have no effect on the outcome of the vote. In addition, under the New York Stock Exchange rules, the total number of votes cast must represent a majority of the outstanding shares entitled to vote on the proposal. However, for purposes of approval under New York Stock Exchange rules, abstentions are treated as votes cast, and, therefore, will have the same effect as an against vote. In addition, broker non-votes are considered entitled to vote, having the practical effect of increasing the number of affirmative votes required to achieve a majority of the shares entitled to vote.

The board of directors recommends a vote FOR the proposal to approve the Pitney Bowes Inc. 2013 Stock Plan.

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 13, 2013, at 9:00 a.m. at the company s World Headquarters, 1 Elmcroft Road, Stamford, Connecticut, and 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 submit 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.

If you have received a Notice of Internet Availability of Proxy Materials (a Notice), your Notice is your admission ticket. If you plan to attend the annual meeting, please submit your proxy, but keep the Notice and bring it to the annual meeting.

Stockholders also must present a form of photo identification, such as a driver s license, in order to be admitted to the annual meeting. **No cameras, recording equipment, large bags, or packages will be permitted in the annual meeting.**

Who is entitled to vote?

Record stockholders of Pitney Bowes common stock and $2.12 convertible preference stock at the close of business on March 15, 2013 (the record date) can vote at the meeting. As of the record date, 201,463,161 shares of Pitney Bowes common stock and 23,928 shares of $2.12 convertible 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 convertible preference stock owned as of the record date.

How do I vote?

If you are a registered stockholder (which means you hold shares in your name), you may choose one of three methods to grant your proxy to have your shares voted:

- you may grant your proxy on-line via the Internet by accessing the following website and following the instructions provided: www.proxyvote.com;
- you may grant your proxy by telephone (1-800-690-6903); or
- if you received your annual meeting material by mail, you may grant your proxy by completing and mailing the proxy card.

Alternatively, you may attend the meeting and vote in person.

If you hold your shares through a broker, bank, trustee or other nominee, you are a beneficial owner and should refer to instructions provided by that entity on voting methods.

May I revoke my proxy or change my vote?

If you are a registered stockholder, you may revoke your proxy or change your vote at any time before your proxy is voted at the meeting by any of the following methods:

- you may send in a revised proxy dated later than the first proxy;
- 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. Attendance at the meeting alone will not revoke your proxy.

If you hold your shares through a broker, bank, trustee or other nominee, you are a beneficial owner and should refer to instructions provided by that entity on how to revoke your proxy or change your vote.

What constitutes a quorum?

The holders of a majority of the shares entitled to vote at the annual meeting constitutes a quorum. If you submit your proxy by Internet, telephone or proxy card, you will be considered part of the quorum. Abstentions and broker non-votes are included in the count to determine a quorum. If a quorum is present, director candidates receiving the affirmative vote of a majority of votes cast will be elected. Proposals 2, 3 and 4 will be approved if a quorum is present and a majority of the votes cast by the stockholders are voted for the proposal. In addition, under New York Stock Exchange rules, the total number of votes cast must represent a majority of the shares entitled to vote on the proposal.

How are votes counted?

Your broker is not permitted to vote on your behalf on the election of directors, executive compensation and other matters to be considered at the stockholders meeting (except on ratification of the selection of PricewaterhouseCoopers LLP as auditors for 2013), unless you provide specific instructions by completing and returning the voting instruction form or following the instructions provided to you to vote your stock via telephone or the Internet. If you do not own your shares of record, for your vote to be counted with respect to proposals 1, 3 or 4, you will need to communicate your voting decisions to your broker, bank, financial institution or other nominee before the date of the stockholders meeting.

Under New York Stock Exchange rules, if your broker holds your shares in its street name, the broker may vote your shares in its discretion on proposal 2 if it does not receive instructions from you.

GENERAL INFORMATION

If your broker **does not** have discretionary voting authority and you do not provide voting instructions, or if you abstain on one or more agenda items, the effect would be as follows:

Proposal 1: Election of Directors

Broker non-votes and abstentions would not be votes cast and therefore would not be counted either for or against. As a result, broker non-votes and abstentions will have no effect in the election of directors.

Proposal 2: Ratification of Audit Committee s Appointment of the Independent Accountants for 2013

If you choose to abstain in the ratification of the Audit Committee s selection of the independent accountants for 2013, the abstention will have no effect.

Proposal 3: Advisory Vote to Approve Executive Compensation

The vote to approve executive compensation is an advisory vote and the results will not be binding on the board of directors or the company. The board of directors will review the results and take them into consideration when making future decisions regarding executive compensation. Broker non-votes and abstentions would not be votes cast and therefore would not be counted either for or against. As a result, broker non-votes and abstentions will have no effect on the advisory vote on executive compensation.

Proposal 4: Approval of the Pitney Bowes Inc. 2013 Stock Plan

For purposes of approval under our By-laws, broker non-votes and absentions would not be votes cast and therefore would not be counted either for or against. As a result, broker non-votes and abstentions will have no effect on the vote on the 2013 Stock Plan. However, for purposes of approval under New York Stock Exchange rules, abstentions are treated as votes cast, and, therefore, will have the same effect as an against vote. In addition, broker non-votes are considered entitled to vote, having the practical effect of increasing the number of affirmative votes required to achieve a majority of the shares entitled to vote.

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

If you are a stockholder of record and participate in our Dividend Reinvestment Plan, or our employee 401(k) plans, your proxy includes the number of shares acquired through the Dividend Reinvestment Plan and/or credited to your 401(k) plan account. Shares held in our 401(k) plans are voted by the plan trustee in accordance with voting instructions received from plan participants. The plans direct the trustee to vote shares for which no instructions are received in the same proportion (for, against or abstain) indicated by the voting instructions given by participants in the plans.

Who will count the votes?

Broadridge Financial Solutions, Inc. (Broadridge) will tabulate the votes and act as Inspector of Election.

Want more copies of the proxy statement? Getting too many copies?

Only one Notice or, if paper copies are requested, only one proxy statement and annual report to stockholders including the report on Form 10-K are delivered to multiple stockholders sharing an address unless one or
more of the stockholders give us contrary instructions. You may request to receive a separate copy of these materials, either now or in the future.

Similarly, any stockholder currently sharing an address with another stockholder but nonetheless receiving separate copies of the materials may request delivery of a single copy in the future.

Requests can be made to:

Broadridge Householding Department by phone at 1-800-579-1639 or by mail to:

Broadridge Householding Department
51 Mercedes Way
Edgewood, New York 11717.

If you own shares of stock through a bank, broker, trustee or other nominee and receive more than one copy of the materials, please contact that entity to eliminate duplicate mailings.

Additional copies of our annual report to stockholders, including the report on Form 10-K or the proxy statement will be sent to stockholders free of charge upon written request to:

Investor Relations, Pitney Bowes Inc.
1 Elmcroft Road, MSC 63-02
Stamford, CT 06926-0700.

Want Electronic Delivery of the Annual Report and Proxy Statement?

We want to communicate with you in the way you prefer. You may choose to receive:

- a full set of printed materials, including the proxy statement, annual report and proxy card; or
- an email with instructions for how to view the annual meeting materials and vote online.

During the voting season, you can select the method of delivery for the future by following the instructions when you vote online or by telephone. If you choose to receive the annual meeting materials electronically, you will receive an e-mail for future meetings listing the website locations of these documents and your choice will remain in effect until you notify us that you wish to resume mail delivery of these documents. If you hold your Pitney Bowes stock through a bank, broker, trustee or other nominee, you should refer to the information provided by that entity for instructions on how to elect this option. This proxy statement and our 2012 annual report may be viewed online at www.proxyvote.com.

Stockholder Proposals and Other Business for the 2014 Annual Meeting

If a stockholder wants to submit a proposal for inclusion in our proxy material for the 2014 annual meeting, which is scheduled to be held on Monday, May 12, 2014, it must be received by the corporate secretary by November 25, 2013. Also, under our By-laws, 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 11, 2014. There are other procedural requirements in the By-laws pertaining to stockholder proposals and director nominations. The By-laws are posted on the Corporate Governance website at www.pb.com under the caption Our Company Leadership & Governance.

Corporate Governance

Stockholders are encouraged to visit our Corporate Governance website at www.pb.com under the caption Leadership & Governance for information concerning 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. Our Business Practices Guidelines, which is the Code of Ethics for employees, including our chief executive officer and chief financial officer, is also available on our Leadership & Governance website. We intend to disclose any future amendments or waivers to certain provisions of the directors Code of Business Conduct and Ethics or the Business Practices Guidelines on our website within four business days following the date of such amendment or waiver.

Key Corporate Governance Practices Enhancing the Board s Independent Leadership, Accountability and Oversight

Separate Chairman and CEO. Our Governance Principles include well-defined responsibilities, qualifications and selection criteria with respect to the Chairman role. Effective December 3, 2012, the board appointed Michael I. Roth, an independent director, as Non-Executive Chairman.
Independent Committees. The board of directors determined that all board committees, other than the Executive Committee, should consist entirely of independent directors.
Executive Sessions. At each board meeting, our independent directors meet without the CEO or other members of management present to discuss issues, including matters concerning management. Our Non-Executive Chairman presides over these executive sessions.
Majority Voting in Director Elections. Our By-Laws provide that in uncontested elections, director nominees must be elected by a majority of the votes cast.
Annual Election of Directors. Our By-Laws provide that our stockholders elect all directors annually.
Stock Holding Requirements. Under the Directors Stock plan, restricted stock awards may not be transferred or alienated, subject to limited exceptions, until the later of (i) termination of service as a director, or, if earlier, the date of a change of control (as defined in the Directors Stock Plan), and (ii) the expiration of the six-month period following the grant of such shares.
No Hedging or Pledging. Directors may not pledge or transfer for value Pitney Bowes securities, engage in short-term speculative (in and out) trading in Pitney Bowes securities, or participate in hedging and other derivative transactions, including short sales, put or call options, swaps, collars or similar derivative transactions, with respect to Pitney Bowes securities.

Board of Directors

Leadership Structure

Effective December 3, 2012, the board of directors appointed Michael I. Roth, an independent director, as Non-Executive Chairman of the board of directors. Prior to this appointment, Mr. Roth served as Lead Director for the board. The board of directors believes it should have the flexibility to establish a leadership structure that works best for the company at a particular time, and it reviews that structure from time to time, including in the context of a change in leadership. The board decided that, with the election of Mr. Lautenbach as CEO, and due to the fact that the responsibilities of the Lead Direc-

tor were similar in most respects to those of a Non-Executive Chairman, this was an appropriate time to separate the roles of CEO and Chairman.

The board of directors has established well-defined responsibilities, qualifications and selection criteria with respect to the Chairman role. This information is set forth in detail in the Governance Principles of the Board of Directors, which can be found on

our website at www.pb.com under the caption Our Company Leadership & Governance.

Role of the Board of Directors in Risk Oversight

The board of directors is responsible for oversight of the risk assessment and risk management process. Management is responsible for risk management, including identification and mitigation planning. The enterprise risk management process was established to identify, assess, monitor and address risks across the entire company and its business operations. The description, assessments, mitigation plan and status for each enter-

prise risk are developed and monitored by management, including management risk owners and an oversight management risk committee.

Oversight responsibility for each of the identified enterprise-wide risks is assigned, upon the recommendation of the Governance Committee and approval by the board of directors, to either a specific committee of the board, or to the full board. In addition to the board, each

committee, with the exception of the Executive Committee, is responsible for oversight of one or more risks. Where possible, the assignments are made based upon, the type of enterprise risk and the linkage of the subject matter to the responsibilities of the committee as described in its charter or the nature of the enterprise risk warranting review by the full board. For example, the Finance Committee oversees risks relating to liquidity, the Executive Compensation Committee oversees risks relating to compensation and the Audit Committee oversees risks relating to internal controls. Each enterprise risk and its related mitigation plan is reviewed by either the board of directors or the designated board committee on an annual basis. The Audit Commit-

tee is responsible for overseeing and reviewing on an ongoing basis the overall process by which management identifies and manages risks. On an annual basis the board of directors receives a report on the status of all enterprise risks and their related mitigation plans.

Management monitors the risks and determines, from time to time, whether new risks should be considered either due to changes in the external environment, changes in the company s business, or for other reasons. Management also determines whether previously identified risks should be combined with new or emerging risks.

Director Independence

The board of directors conducts an annual review of the independence of each director under the New York Stock Exchange listing standards and our standards of independence, which are set forth in the Governance Principles of the Board of Directors available on our website at www.pb.com under the caption Our Company Leadership & Governance. In making these determinations, the board of directors considers, among other things, whether any director has had any direct or indirect material relationship with Pitney Bowes or its management, including current or past employment with

Pitney Bowes or its independent accountants by the director or the director s immediate family.

Based upon its review, the board of directors has concluded in its business judgment that the following directors are independent: Rodney C. Adkins, Linda G. Alvarado, Anne M. Busquet, Roger Fradin, Anne Sutherland Fuchs, S. Douglas Hutcheson, James H. Keyes, Eduardo R. Menascé, Michael I. Roth, David L. Shedlarz, David B. Snow, Jr. and Robert E. Weissman. Marc B. Lautenbach is not independent because he is a Pitney Bowes executive officer.

Communications with the Board of Directors

Stockholders and other interested parties may communicate with the Non-Executive Chairman of the board via e-mail at boardchairman@pb.com, the Audit Committee chair via e-mail at audit.chair@pb.com or they may write to one or more directors, care of the Corporate Secretary, Pitney Bowes Inc., 1 Elmcroft Road, MSC 65-19, Stamford, CT 06926-0700.

The board of directors has instructed the corporate secretary to assist the Non-Executive Chairman, Audit Committee chair and the board in reviewing all electronic and written communications, as described above, as follows:

(i) Customer, vendor or employee complaints or concerns are investigated by management and copies are forwarded to the Chairman;

(ii) If any complaints or similar communications regarding accounting, internal accounting controls or auditing matters are received, they will be forwarded by the corporate secretary to the General Auditor and to the

Audit Committee chair for review and copies will be forwarded to the Chairman. Any such matter will be investigated in accordance with the procedures established by the Audit Committee; and

(iii) Other communications raising matters that require investigation will be shared with appropriate members of management in order to permit the gathering of information relevant to the directors review, and will be forwarded to the director or directors to whom the communication was addressed.

Except as provided above, the corporate secretary will forward written communications to the full board of directors or to any individual director or directors to whom the communication is directed unless the communication is threatening, illegal or similarly inappropriate. Advertisements, solicitations for periodical or other subscriptions, and other similar communications generally will not be forwarded to the directors.

Board Committees and Meeting Attendance

During 2012, each director attended at least 75% of the total number of board meetings and meetings held by the board committees on which he or she served. The board of directors met eleven times in 2012, and the independent directors met in executive session, without any member of management in attendance, ten times. Members of the board of directors serve on one or more of the five standing committees described below. As the need arises, the board may establish ad hoc committees of the board to consider specific issues. Mr. Lautenbach

is a member of the Executive Committee. The members of all other board committees are independent directors pursuant to New York Stock Exchange independence standards. Each committee of the board operates in accordance with a charter. The members of each of the board committees are set forth in the following chart.

It is the longstanding practice and the policy of the board of directors that the directors attend the annual meeting of stockholders. All directors attended the May 2012 annual meeting.

Name	Audit	Executive	Executive Compensation	Finance	Governance
Rodney C. Adkins	X		X		
Linda G. Alvarado				X	X
Anne M. Busquet				X	X
Roger Fradin	X			X	
Anne Sutherland Fuchs	X		X		
S. Douglas Hutcheson	X			X	
James H. Keyes			X		X
Marc B. Lautenbach		X			
Eduardo R. Menascé		X	Chair		X
Michael I. Roth	X	Chair		Chair	
David L. Shedlarz	Chair	X		X	
David B. Snow, Jr.		X	X		Chair
Robert E. Weissman			X		X
Number of meetings in 2012	6	0	9	4	5

Audit Committee

The Audit Committee monitors our financial reporting standards and practices and our internal financial controls to confirm compliance with the policies and objectives established by the board of directors and oversees our ethics and compliance programs. The committee appoints independent accountants to conduct the annual audits, and discusses with our 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 accountant s report, invites the independent accountant s 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 independent accountants and approves their fees. It also

reviews our internal accounting controls and the scope and results of our internal auditing activities, and submits reports and proposals on these matters to the board. The committee is also responsible for overseeing the process by which management identifies and manages the company s risks. The committee meets in executive session with the independent accountants and internal auditor at each committee meeting.

The board of directors has determined that the following members of the Audit Committee, S. Douglas Hutcheson, Michael I. Roth and David L. Shedlarz are audit committee financial experts, as that term is defined by the SEC. All Audit Committee members are independent as independence for audit committee members is defined in the New York Stock Exchange standards.

Executive Committee

The Executive Committee can act, to the extent permitted by applicable law and the company s Restated Certificate of Incorporation and its Bylaws, on matters concerning management of the business which may arise between scheduled board of directors meetings and as described in the committee s charter.

Executive Compensation Committee

The Executive Compensation Committee is responsible for our executive compensation policies and programs. The committee chair frequently consults with, and the committee meets in executive session with, Pay Governance LLC, its independent compensation consultant. The committee recommends to all of the independent directors for final approval policies, programs and specific actions regarding the compensation of the chief

executive officer, or CEO, and approves the same for all of our executive officers. The committee also recommends the Compensation Discussion and Analysis for inclusion in our proxy statement, in accordance with the rules and regulations of the SEC, and reviews and approves stock grants and other stock-based compensation awards.

Finance Committee

The Finance Committee reviews our financial condition and capital structure, and evaluates significant financial policies and activities, oversees our major retirement programs, advises management and recommends financial action to the board of directors. The committee s duties include monitoring our current and projected financial condition, reviewing and recommending for board

approval major investment decisions including financing, mergers and acquisitions, divestitures and overseeing the financial operations of our retirement plans. The committee recommends for approval by the board of directors the establishment of new plans and any amendments that materially affect cost, benefit coverages, or liabilities of the plans.

Governance Committee

The Governance Committee 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, reviews and recommends to the board of directors the amount and form of compensation to non-employee members of the board, and, with the Non-Executive Chairman and the CEO, is responsible for CEO succession planning and ensuring management continuity. The Governance Principles of the Board of Directors, which are posted on our website at www.pb.com under the caption Our Company Leadership & Governance, include additional information about succession planning. The committee reviews and evaluates the effectiveness of board administration and its governing documents, and reviews and monitors company programs and policies relating to directors. The committee reviews related-person transactions in accordance with company policy.

The Governance Committee generally identifies qualified candidates for nomination for election to the board of directors from a variety of sources, including other board members, management and stockholders. The committee also may retain a third-party search firm to assist the committee members in identifying and evaluating potential nominees to the board of directors.

Stockholders wishing to recommend a candidate for consideration by the Governance Committee may do so by writing to: c/o Corporate Secretary, Pitney Bowes Inc., 1 Elmcroft Road, MSC 65-19, Stamford, CT 06926-0700. Recommendations submitted for consideration by the committee in preparation for the 2014 annual meeting of stockholders must be received by January 2, 2014, and must contain the following information: (i) the name and address of the stockholder; (ii) the name and address of the person to be nominated; (iii) a representation that the stockholder is a holder of our stock entitled to vote at the

meeting; (iv) a statement in support of the stockholder s recommendation, including a description of the candidate s qualifications; (v) information regarding the candidate as would be required to be included in a proxy statement filed in accordance with the rules of the SEC; and (vi) the candidate s written, signed consent to serve if elected.

The Governance Committee evaluates candidates recommended by stockholders based on the same criteria it uses to evaluate candidates from other sources. The Governance Principles of the Board of Directors, which are posted on our Corporate Governance website at www.pb.com under the caption Our Company Leadership & Governance, include a description of director qualifications. A discussion of the specific experience and qualifications identified by the committee for directors and nominees may be found under Director Qualifications on page 23 of this proxy statement.

If the Governance Committee believes that a potential candidate may be appropriate for recommendation to the board of directors, there is generally a mutual exploration process, during which the committee seeks to learn more about the candidate s

qualifications, background and interest in serving on the board of directors, and the candidate has the opportunity to learn more about the company, the board, and its governance practices. The final selection of the board s nominees is within the sole discretion of the board of directors.

Alternatively, as referenced on page 13 of this proxy statement, stockholders intending to nominate a candidate for election by the stockholders at the meeting must comply with the procedures in Article II, Section 6 of the company s By-laws. The By-laws are posted on our Corporate Governance website at www.pb.com under the caption Our Company Leadership & Governance.

Directors Compensation

Directors Fees

During 2012, each director who was not an employee received an annual retainer of $65,000 and a meeting fee of $1,500 for each board and committee meeting attended. Committee chairs (except for the Audit Committee chair) receive an additional $1,500 for each committee meeting that they chair, and the Audit Committee chair receives an additional $2,000 for each Audit Committee meeting chaired. The Lead Director received an additional annual retainer of $10,000. Effective January

1, 2013, the Non-Executive Chairman receives an additional annual retainer of $50,000. The Non-Executive Chairman role replaced the Lead Director position. All directors are reimbursed for their out-of-pocket expenses incurred in attending board and committee meetings.

The board of directors maintains directors stock ownership guidelines, requiring, among other things, that each director accumulate and retain a minimum of 7,500

shares of our common stock within five years of becoming a director of Pitney Bowes. The stock ownership guidelines provide limited exceptions for the transfer of these shares while the director continues to serve on our board, as discussed in more detail under Directors Stock Plan below. All members of the board of directors

are in compliance with these guidelines. The directors stock ownership guidelines are available on our Corporate Governance website at www.pb.com under the caption Our Company Leadership & Governance.

Role of Governance Committee in Determining Director Compensation

In accordance with the Governance Principles of the Board, the Governance Committee reviews and recommends to the board of directors the amount and form of compensation to non-employee members of the board of directors. The Governance Committee reviews the

director compensation policy periodically and may consult from time to time with a compensation consultant, to be selected and retained by the committee, as to the competitiveness of the program. The following is a summary of the director compensation program.

Directors Stock Plan

Under the Directors Stock Plan, in 2012 each director who was not an employee of the company received an award of 2,200 shares of restricted stock which are fully vested after six months from the date of grant. (Directors appointed by the board to fill a vacancy during the year receive a prorated grant of shares as described in the Directors Stock Plan.) The shares carry full voting and dividend rights upon grant but, unless certain conditions are met, may not be transferred or alienated until the later of (i) termination of service as a director, or, if earlier, the date of a change of control (as defined in the Directors Stock Plan), and (ii) 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 pro-

vided that the director effecting the disposition had accumulated and will retain 7,500 shares of common stock. 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 of directors.

Ownership of shares granted under the Directors Stock Plan is reflected in the table on page 21 of this proxy statement showing security ownership of directors and executive officers.

Directors Deferred Incentive Savings Plan

We maintain 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. The

investment choices available to directors under this plan are the same as those offered to employees under the company s 401(k) plan. Deferral elections made with respect to plan years prior to 2004 also included as an investment choice the ability to invest in options to purchase common stock of the company.

Stock options selected by directors as an investment vehicle for deferred compensation were 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 stock option by directors who have terminated service on the board of directors, provided that service on the board is terminated: (i) after ten years of service on the board; (ii) due to director s death or disability; or (iii) due to the director having attained mandatory directors retirement age. The stock options may be exercised for three months following termination for any other reason. The Directors Stock Plan also permits the donation of vested stock options, regardless of the date of grant, to family members and family trusts or partnerships. All outstanding stock options are fully vested.

Directors Retirement Plan

Our Directors Retirement Plan was discontinued, and the benefits previously earned by directors were frozen as of May 12, 1997.

Linda G. Alvarado is the only current director who is eligible to receive a retirement benefit under the plan after

termination of service on the board of directors. As of the date the plan was frozen, she had completed five years of service as a director, the minimum years of service required to receive an annual retirement benefit of 50% of her retainer as of May 12, 1997. Therefore she will receive an annual benefit of $15,000.

DIRECTOR COMPENSATION FOR 2012

Name	Fees Earned or Paid in Cash ($)[1]	Stock Awards ($)[2]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[3]	All Other Compensation ($)[4]	Total ($)
Rodney C. Adkins	101,000	31,933	0	0	132,933
Linda G. Alvarado	92,000	31,933	26,678	0	150,611
Anne M. Busquet	95,000	31,933	0	5,000	131,933
Roger Fradin	88,083	43,360	0	5,000	136,443
Anne Sutherland Fuchs	105,500	31,933	0	5,000	142,433
S. Douglas Hutcheson	49,000	26,355	0	0	75,355
James H. Keyes	104,833	31,933	0	5,000	141,766
Eduardo R. Menascé	113,000	31,933	0	0	144,933
Michael I. Roth	122,167	31,933	0	5,000	159,100
David L. Shedlarz	102,500	31,933	0	5,000	139,433
David B. Snow, Jr.	105,500	31,933	0	0	137,433
Robert E. Weissman	102,500	31,933	0	0	134,433

[1] Each non-employee director receives an annual retainer of $65,000 ($16,250 per quarter) and a meeting fee of $1,500 for each board and committee meeting attended. Committee chairs (except for the Audit Committee chair) receive an additional $1,500 for each committee meeting that they chair, and the Audit Committee chair receives an additional $2,000 for each Audit Committee meeting chaired. In 2012, the Lead Director received an additional annual retainer of $10,000. Effective January 1, 2013, the Non-Executive Chairman receives an additional annual retainer of $50,000.

[2] On May 14, 2012, each non-employee director then serving received an award of 2,200 shares of restricted stock. The fair market value of the restricted share awards was calculated using the average of the high and low stock price, $14.82 and $14.21, respectively, as reported on the New York Stock Exchange on May 14, 2012, the date of grant. The closing price on May 14, 2012 on the New York Stock Exchange was $14.24. In connection with his election to the board, Mr. Fradin received an award of 597 shares of restricted stock on February 1, 2012. The fair market value of the restricted share award was calculated using the average of the high and low price, $19.26 and $19.02, respectively, as reported on the New York Stock Exchange on February 1, 2012. The closing price on February 1, 2012 on the New York Stock Exchange was $19.16. In connection with his election to the board on July 9, 2012, Mr. Hutcheson received an award of 1,856 shares of restricted stock. The fair value of the restricted share award was calculated using the average of the high and low price, $14.54 and $13.86, respectively, as reported on the New York Stock Exchange on July 9, 2012, the date of the grant. The closing price on July 9, 2012 on the New York Stock Exchange was $14.25. The grant date fair market value of the restricted stock awards was computed in accordance with the share-based payment accounting guidance under ASC718. The aggregate number of shares of restricted stock held by each director as of December 31, 2012 is as follows: Mr. Adkins 12,543 shares; Ms. Alvarado 31,200 shares; Ms. Busquet 12,122 shares; Mr. Fradin 2,797 shares; Ms. Fuchs 15,563 shares; Mr. Hutcheson 1,856 shares; Mr. Keyes 26,200 shares; Mr. Menascé 21,192 shares; Mr. Roth 28,000 shares; Mr. Shedlarz 21,192 shares; Mr. Snow 14,600 shares; and Mr. Weissman 21,192 shares. Stock options were not awarded to non-employee directors during 2012. Stock options formerly were available to non-employee directors as an investment choice under the Directors Deferred Incentive Savings Plan. Cash fees deferred with respect to plan years prior to 2004 could be invested in options to purchase common stock of the company. The aggregate number of stock options held by each director as of December 31, 2012 is as follows: Mr. Weissman 1,789.

[3] Ms. Alvarado is the only non-employee director who served on the board of directors during 2012 eligible to receive payments from the suspended Directors Retirement Plan. Ms. Alvarado is eligible to receive payments upon her retirement from the board of directors.

[4] Mmes. Busquet and Fuchs, and Messrs. Fradin, Keyes, Roth and Shedlarz utilized the Pitney Bowes Non-Employee Director Matching Gift Program during 2012. The company matches individual contributions by non-employee directors, dollar for dollar to a maximum of $5,000 per board member per calendar year.

Relationships and Related-Person Transactions

The board of directors has a written Policy on Approval and Ratification of Related-Person Transactions which states that the Governance Committee is responsible for reviewing and approving any related person transactions between Pitney Bowes and its directors, nominees for director, executive officers, beneficial owners of more than five percent of any class of Pitney Bowes voting stock and their immediate family members as defined by the rules and regulations of the SEC (related persons).

Under the related-person transaction approval policy, any newly proposed transaction between Pitney Bowes and a related person must be submitted to the Governance Committee for approval if the amount involved in the transaction or series of transactions is greater than $120,000. Any related-person transactions that have not been pre-approved by the Governance Committee must be submitted for ratification as soon as they are identified. Ongoing related-person transactions are reviewed on an annual basis. The material facts of the transaction and the related person s interest in the transaction must be disclosed to the Governance Committee. It is the expectation and policy of the board of directors that any related-person transactions will be at arms length and on terms that are fair to the company.

If the proposed transaction involves a related person who is a Pitney Bowes director or an immediate family member of a director, that director may not participate in the deliberations or vote regarding approval or ratification of the transaction but may be counted for the purposes of determining a quorum.

The following related-person transactions do not require approval by the Governance Committee:

1. Any transaction with another company with which a related person s only relationship is as an employee or beneficial owner of less than ten percent of that company s shares, if the aggregate amount invested does not exceed the greater of $1 million or two percent of that company s consolidated gross revenues;
2. A relationship with a firm, corporation or other entity that engages in a transaction with Pitney Bowes where the related person s interest in the transaction arises only from his or her position as a director or limited partner of the other entity that is party to the transaction;
3. Any charitable contribution by Pitney Bowes to a charitable organization where a related person is an officer, director or trustee, if the aggregate amount involved does not exceed the greater of $1 million or two percent of the charitable organization s consolidated gross revenues;
4. Any transaction involving a related person where the rates or charges involved are determined by competitive bids; and
5. Any transaction with a related person involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

The Governance Committee may delegate authority to approve related-person transactions to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any approval or ratification decisions to the Governance Committee at its next scheduled meeting.

No transactions were submitted to the Governance Committee for review during 2012.

Compensation Committee Interlocks and Insider Participation

During 2012, there were no compensation committee interlocks and no insider participation in Executive Compensation Committee decisions that were required to be reported under the rules and regulations of the Securities Exchange Act of 1934, as amended.

SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

Title of Class of Stock	Name of Beneficial Owner	Shares Deemed to be Beneficially Owned[(1)(2)(3)(4)]	Options Exercisable Within 60 Days[(5)]	% of Class
Common	Rodney C. Adkins	12,768	0	*
Common	Linda G. Alvarado	35,228	0	*
Common	Anne M. Busquet	13,682	0	*
Common	Roger Fradin	7,797	0	*
Common	Anne Sutherland Fuchs	16,563	0	*
Common	S. Douglas Hutcheson	2,056	0	*
Common	James H. Keyes	28,302	0	*
Common	Eduardo R. Menascé	21,892	0	*
Common	Michael I. Roth	36,723	0	*
Common	David L. Shedlarz	23,692	0	*
Common	David B. Snow, Jr.	15,600	0	*
Common	Robert E. Weissman	33,429	1,789	*
Common	Marc B. Lautenbach	0	0	*
Common	Murray D. Martin	2,708,973	2,447,574	1.33%
Common	Michael Monahan	575,847	519,319	*
Common	Leslie Abi-Karam	547,351	513,319	*
Common	Vicki A. O Meara	227,448	204,556	*
Common	John E. O Hara	394,865	354,621	*
Common	**All executive officers and directors as a group (22)**	**5,227,026**	**4,507,505**	**2.54%**

* Less than 1% of Pitney Bowes Inc. common stock.

(1) These shares represent common stock beneficially owned as of March 1, 2013 and shares for which such person has the right to acquire beneficial ownership within 60 days thereafter. To our knowledge, none of these shares are pledged as security. There were 201,353,179 of our shares outstanding as of March 1, 2013.

(2) Other than with respect to ownership by family members, the reporting persons have sole voting and investment power with respect to the shares listed.

(3) Includes shares that are held indirectly through the Pitney Bowes 401(k) Plan and its related excess plan.

(4) Includes, with respect to Mr. Martin, 7,360 shares held in a grantor retained annuity trust.

(5) The director or executive officer has the right to acquire beneficial ownership of this number of shares within 60 days of March 1, 2013 by exercising outstanding stock options. Amounts in this column are also included in the column titled Shares Deemed to be Beneficially Owned.

Beneficial Ownership

The only persons or groups known to the company to be the beneficial owners of more than five percent of any class of the company s voting securities are reflected in the chart below. The following information is based solely upon Schedules 13G and amendments thereto filed by the entities shown with the SEC as of the date appearing below.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common	Percent of Common[1]
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	27,405,915[2]	13.7%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	21,084,229[3]	10.5%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	11,694,440[4]	5.8%

(1) There were 200,884,047 of our shares outstanding as of December 31, 2012.

(2) As of December 31, 2012, State Street Corporation disclosed shared investment and voting power with respect to 27,405,915 shares. SSgA Funds Management, Inc., an investment advisor subsidiary of State Street Corporation, disclosed shared voting power and shared investment power of 20,169,749 shares. The foregoing information is based on a Schedule 13G filed with the SEC on February 12, 2013.

(3) As of December 31, 2012, BlackRock, Inc. disclosed sole investment power and sole voting power with respect to 21,084,229 shares. The foregoing information is based on a Schedule 13G/A filed with the SEC on January 11, 2013.

(4) As of December 31, 2012, The Vanguard Group, Inc., an investment advisor, disclosed sole investment power with respect to 11,359,109 shares, shared investment power with respect to 335,331 shares and sole voting power with respect to 327,731 shares. The foregoing information is based on a Schedule 13G/A filed with the SEC on February 11, 2013.

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 SEC showing their holdings of and transactions in the company s securities. It is generally the practice of the company to file the forms on behalf of its Reporting Persons who are directors or officers. We believe that all such forms have been timely filed for 2012.

Proposal 1: Election of Directors

Director Qualifications

The board of directors believes that, 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 board to oversee management on behalf of our stockholders. In addition, the board of directors believes that there are certain attributes that each director should possess, as described below. Therefore, the board of directors and the Governance Committee consider the qualifications of directors and nominees both individually and in the context of the overall composition of the board of directors.

The board of directors, with the assistance of the Governance Committee, is responsible for assembling appropriate experience and capabilities within its membership as a whole, including financial literacy and expertise needed for the Audit Committee as required by applicable law and New York Stock Exchange listing standards. The Governance Committee is responsible for reviewing and revising, as needed, criteria for the selection of directors. It also reviews and updates, from time to time, the board candidate profile used in the context of a director search, in light of the current and anticipated needs of the company and the experience and talent then represented on the board of directors. The Governance Committee reviews the qualifications of director candidates in light of the criteria approved by the board of directors and recommends candidates to the board for election by the stockholders at the annual stockholders meeting.

The Governance Committee seeks to include individuals with a variety of occupational and personal backgrounds on the board of directors in order to obtain a range of viewpoints and perspectives and to enhance the diversity of the board of directors in such areas as experience and geography, as well as race, gender, ethnicity and age.

Among other things, the board of directors has determined that it is important that the board should include members with the following skills and experiences:

Financial acumen for evaluation of financial statements and capital structure.

Significant international experience and experience with emerging markets to evaluate our global operations.

Software and technology acumen, coupled with in-depth understanding of our business and markets, to provide counsel and oversight with regard to our strategy.

Significant operating experience, providing specific insight into developing, implementing and assessing our operating plan and business strategy.

Human resources experience, including executive compensation experience to help us attract, motivate and retain world-class talent.

Corporate governance experience at publicly traded companies to support the goals of greater transparency, accountability for management and the board, and protection of stockholder interests.

Understanding of customer communications and marketing channels to support our client focus and customer communications and marketing strategy.

Turnaround experience to help us assess opportunities to reposition certain of our businesses.

Leadership to motivate others and identify and develop leadership qualities in others.

Additionally, the board believes all directors should demonstrate integrity and ethics, business acumen, sound judgment, and the ability to commit sufficient time and attention to the activities of the board of directors, as well as the absence of any conflicts with our interests.

The Governance Committee assesses the effectiveness of its criteria when evaluating and recommending new candidates.

Each director brings experience and skills that complement those of the other directors. The board of directors believes that all the directors nominated for election are highly qualified, and have the attributes, skills and experience required for service on the board of directors. Additional information about each director is included with biographical information for each appearing below.

Nominees for Election

Directors are elected to terms of one year. The board of directors presently has thirteen members whose terms expire in 2013. Each of the nominees for election at the 2013 annual meeting of stockholders is a current board member and was selected by the board of directors as a nominee in accordance with the recommendation of the Governance Committee. If elected at the 2013 annual meeting of stockholders, each of the nominees would serve until the 2014 annual meeting of stockholders and until his or her successor is elected and has qualified, or until such director s death, resignation or removal.

Effective as of July 9, 2012, the board of directors increased the size of the board from twelve to thirteen members, and elected Mr. Hutcheson to fill the resulting vacancy for a term expiring on May 13, 2013. Mr. Hutcheson was brought to the Governance Committee s attention by an independent director search firm retained by the committee to identify candidates fitting the profile and meeting the criteria established by the committee, with the concurrence of the board of directors.

As of December 3, 2012, Mr. Martin resigned from the board of directors, and the board elected Mr. Lautenbach to fill the resulting vacancy for a term expiring on May 13, 2013. Mr. Adkins expressed a preference not to be renominated. Mr. Keyes and Mr. Weissman will retire from the board as of May 13, 2013 as required by our Gover-

nance Principles. Effective as of May 13, 2013, the board of directors reduced the size of the board from thirteen to ten members.

For the 2013 annual meeting, the Governance Committee recommended to the board of directors, and the board approved, the nominations of Ms. Alvarado, Ms. Busquet, Mr. Fradin, Ms. Fuchs, Mr. Hutcheson, Mr. Lautenbach, Mr. Menascé, Mr. Roth, Mr. Shedlarz, and Mr. Snow to one-year terms expiring at the 2014 annual meeting. Information about each nominee for director, including the nominee s age, as of March 1, 2013, is set forth beginning on page 25 of this proxy statement. 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 1 for all other nominees, or grant your proxy by telephone or the Internet as described in the proxy voting instructions. 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. At the annual meeting, proxies cannot be voted for more than the ten director nominees.

Vote Required; Recommendation of the Board of Directors

In accordance with our By-laws, in an uncontested election, a majority of the votes cast is required for the election of directors. Abstentions and broker non-votes will not be votes cast and therefore will have no effect on the outcome of the vote. Our Governance Principles provide that any nominee for director in this election who fails to receive a majority of votes cast in the affirmative must tender his or her resignation for consideration by the Governance Committee. The Governance Committee will recommend to the board of directors the action to be taken with respect to such offer of resignation. The board of directors will act on the Governance Committee s recommendation and publicly disclose its decision within 90 days from the date of the certification of the election results.

The board of directors recommends that stockholders vote FOR the election of all the director nominees.

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Nominees for terms expiring at the 2014 Annual Meeting

Linda G. Alvarado, 61, president and chief executive officer of Alvarado Construction, Inc., a Denver-based commercial general contractor, construction management and development firm. Alvarado Construction has successfully developed and constructed numerous multi-million dollar commercial, government, transportation, office, communications, energy, retail, heavy engineering, utility, and technology projects throughout the United States and Latin America. Ms. Alvarado is also co-owner of the Colorado Rockies Major League Baseball Club and President of Palo Alto, Inc. which owns and operates YUM! Brands restaurants in multiple states. Pitney Bowes director since 1992. (Also a director of 3M Company. Formerly a director of Lennox International Inc., The Pepsi Bottling Group Inc. and Qwest Communications International Inc.)

As a principal of several diverse businesses, Ms. Alvarado brings to the board of directors her significant operational experience, as well as an understanding of marketing, finance and human resources issues. Her experience as a member of other public company boards of directors contributes to her understanding of global public company issues, including those relating to international markets and government affairs.

Anne M. Busquet, 63, principal of AMB Advisors, LLC, an independent consulting firm; former chief executive officer, IAC Local & Media Services, a division of IAC/Interactive Corp., an Internet commerce conglomerate, 2004 2006. Pitney Bowes director since 2007. (Also a director of Meetic S.A. Formerly a director of Blyth, Inc.)

Ms. Busquet has experience as a senior public company executive, including as American Express Company Division President, leading global interactive services initiatives. As former chief executive officer of the Local and Media Services unit of InterActiveCorp, she has experience in electronic media, communications and marketing. In addition, Ms. Busquet brings to the board of directors her substantial operational experience, including in international markets, marketing channels, emerging technologies and services, and product development.

Roger Fradin, 59, president and chief executive officer of Honeywell Automation and Control Solutions, Honeywell International, Inc., a diversified technology and manufacturing company. Pitney Bowes director since February 1, 2012. (Also a director of MSC Industrial Direct Co., Inc.)

As the chief executive officer of a $15 billion division of a major diversified technology and manufacturing company, Mr. Fradin brings to the board substantial operational experience, financial expertise, and experience in capital markets, product development, and marketing, including in international markets. He possesses a strong entrepreneurial background, with experience in driving robust growth for businesses under his leadership, and has deep experience in entering new markets, both organically and through acquisition.

Anne Sutherland Fuchs, 65, consultant to private equity firms. Formerly group president, Growth Brands Division, Digital Ventures, a division of J. C. Penney Company, Inc., a retailer, November 2010 April 2012; Chair of the Commission on Women s Issues for New York City, since 2002. Director since 2005. (Also a director of Gartner, Inc.)

Ms. Fuchs has experience as a senior executive with operational responsibility within the media and marketing industries, as well as experience as global chief executive officer of a unit of LMVH Moet Hennessy Louis Vuitton. Her experience in the publishing industry includes senior level operational roles at Hearst, Conde Nast, Hachette and CBS. She possesses experience in product development, marketing and branding, international operations, as well as in human resources and executive compensation. Her experience in managing a number of well-known magazines contributes to her knowledge and understanding of businesses closely tied to the mailing industry. Her work for the City of New York has further informed her understanding of government operations and government partnerships with the private sector.

S. Douglas Hutcheson, 57, chief executive officer, Leap Wireless International, Inc., a provider of wireless services and devices through its subsidiary, Cricket Communications, Inc. since February 2005; president and chief executive officer, February 2005 November 2012. Director since July 2012. (Also a director of Leap Wireless International, Inc.)

Mr. Hutcheson brings to the board of directors significant operational and financial expertise as the chief executive officer of a wireless communications company. His broad business background includes strategic planning and product and business development and marketing. His expertise in developing and executing successful wireless strategies is an asset to Pitney Bowes as more products and services are transitioned to the cloud. In addition, his experience as a public company chief executive contributes to his knowledge of corporate governance and public company matters.

Marc B. Lautenbach, 51, president and chief executive officer of Pitney Bowes Inc. since December 3, 2012. Formerly, Managing Partner, North America, Global Business Services, International Business Machines Corporation (IBM), a global technology services company, 2010 2012, and General Manager, IBM North America, 2005 2010. Pitney Bowes director since December 3, 2012.

As a former senior operating executive at a global technology services company, Mr. Lautenbach possesses substantial operational experience, including in technology services, software solutions, application development, and infrastructure management, as well as marketing, sales and product development. Mr. Lautenbach has extensive experience working with a breadth of client segments, including in the small and medium sized business segment and public and enterprise markets. He also has significant international experience.

Eduardo R. Menascé, 67, retired president, Enterprise Solutions Group, Verizon Communications Inc., a leading provider of wireline and wireless communications. Pitney Bowes director since 2001. (Also a director of John Wiley & Sons, Inc., Hill-Rom Holdings, Inc. and Hillenbrand, Inc. Formerly a director of KeyCorp.)

Mr. Menascé has broad experience as a former senior executive responsible for a significant international operation of a public company, as well as experience in senior leadership positions with a number of European and Latin American businesses, including business operations, finance and capital markets, international and emerging markets, technology, customer communications and marketing channels, and executive compensation. His experience on other public company boards and as a director of the New York chapter of the National Association of Corporate Directors contributes to his knowledge of public company matters.

PROPOSAL 1: ELECTION OF DIRECTORS

Michael I. Roth, 67, chairman and chief executive officer, The Interpublic Group of Companies, Inc., a global marketing communications and marketing services company. Pitney Bowes director since 1995. (Also a director of Ryman Hospitality Properties, Inc. and The Interpublic Group of Companies, Inc.)

Mr. Roth has broad experience as the chief executive officer of a public company and as a member of other public company boards of directors, as well as previous experience as a certified public accountant and attorney. In addition to his experience as chief executive officer of The Interpublic Group of Companies, his experience includes service as the chief executive officer of The MONY Group Inc. prior to its acquisition by AXA Financial, Inc. He brings to the board of directors his deep financial expertise, and experience in business operations, capital markets, international markets, emerging technologies and services, marketing channels, corporate governance, and executive compensation.

David L. Shedlarz, 64, retired vice chairman of Pfizer Inc., a pharmaceutical, consumer and animal products health company. Formerly vice chairman of Pfizer Inc., 2005 2007; executive vice president and chief financial officer, 1999 2005, Pfizer Inc. Pitney Bowes director since 2001. (Also a director of Teachers Insurance and Annuity Association and The Hershey Company.)

Mr. Shedlarz has broad experience as a former senior executive of a public company, experience as a former chief financial officer and as a member of other public company boards of directors. He possesses financial expertise, knowledge of business operations and capital markets, international markets, emerging technologies and services, customer communications and marketing channels, human resources and executive compensation, regulatory and government affairs, product development, and corporate governance.

David B. Snow, Jr., 58, until April 2012, chairman and chief executive officer of Medco Health Solutions, Inc., a leading pharmacy benefit manager. Pitney Bowes director since 2006. (Formerly a director of Medco Health Solutions, Inc.)

In addition to his experience as the chief executive officer of a public company, Mr. Snow has a strong background in operations, having served in senior leadership positions at several companies including WellChoice (Empire Blue Cross Blue Shield) and Oxford Health Plans. Mr. Snow also brings to the board of directors a broad range of experience, including finance and capital markets, emerging technologies, customer communications and marketing channels, human resources and executive compensation, regulatory and government affairs, corporate governance, and product development.

Report of the Audit Committee

The Audit Committee functions pursuant to a charter that is reviewed annually and was last amended in February 2012. The committee represents and assists the board of directors in overseeing the financial reporting process and the integrity of the company s financial statements. The committee is responsible for retaining the independent accountants and pre-approving the services they will perform, and for reviewing the performance of the independent accountants and the company s internal audit function. The board of directors, in its business judgment, has determined that all six of the members of the committee are independent, as required by applicable listing standards of the New York Stock Exchange.

In the performance of its responsibilities, the committee has reviewed and discussed the audited financial statements with management and the independent accountants. The committee has also discussed with the independent accountants the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board (PCAOB). Finally, the committee has received the written disclosures and the letter from the independent accountants required by applicable requirements of the PCAOB regarding the independent accountants communications with the audit committee concerning independence, and has discussed with the independent accountants their independence.

In determining whether to recommend that the stockholders ratify the selection of PricewaterhouseCoopers LLP (PricewaterhouseCoopers) as Pitney Bowes independent auditor for 2013, management and the committee, as they have done in prior years, engaged in a review of PricewaterhouseCoopers. In that review, the committee considers the continued independence of PricewaterhouseCoopers, its geographic presence compared to that of Pitney Bowes, its industry knowledge, the quality of the audit and its services, the audit approach and supporting technology, any Securities and Exchange Commission actions and other legal issues as well as PCAOB inspection reports. Pitney Bowes management prepares an annual assessment that includes an analysis of (1) the above criteria for PricewaterhouseCoopers and the other Big Four accounting firms; (2) an assessment of whether firms outside of the Big Four should be considered; and (3) a detailed analysis of the PricewaterhouseCoopers fees. In addition, PricewaterhouseCoopers reviews with the committee its analysis of its independence. Based on the results of the review this year, the committee concluded that PricewaterhouseCoopers is independent and that it is in the best interests of Pitney Bowes and its investors to appoint PricewaterhouseCoopers to serve as Pitney Bowes independent registered accounting firm for 2013.

Based upon the review of information received and discussions as described in this report, the committee recommended to the board of directors that the audited financial statements be included in the company s Annual Report on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on February 25, 2013.

By the Audit Committee of the board of directors,

David L. Shedlarz, Chair
Rodney C. Adkins
Roger Fradin
Anne Sutherland Fuchs
S. Douglas Hutcheson
Michael I. Roth

Proposal 2: Ratification of the Audit Committee s Appointment of the Independent Accountants for 2013

The Audit Committee has appointed PricewaterhouseCoopers LLP (PricewaterhouseCoopers) as the independent accountants for Pitney Bowes for 2013. Although not required by law this matter is being submitted to the stockholders for ratification, as a matter of good corporate governance. 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 as its independent accountants. PricewaterhouseCoopers has no direct or indirect financial interest in Pitney Bowes or any of its subsidiaries. A representative from PricewaterhouseCoopers will attend the annual meeting and will be available to respond to appropriate questions and will have the opportunity to make a statement if he or she desires to do so.

Principal Accountant Fees and Services

Aggregate fees billed for professional services rendered for the company by PricewaterhouseCoopers for the years ended December 31, 2012 and 2011, were (in millions):

	2012	2011
Audit	$6.8	$7.6
Audit-Related	.4	.6
Tax	1.1	.6
All Other		.2
Total	$8.3	$9.0

Audit Fees: The Audit fees for the years ended December 31, 2012 and 2011 were for services rendered for the audits of the consolidated financial statements and internal control over financial reporting of the company and selected subsidiaries, statutory audits, issuance of comfort letters, consents, income tax provision procedures, and assistance with review of documents filed with the SEC.

Audit-Related Fees: The Audit-Related fees for the years ended December 31, 2012 and 2011 were for assurance and related services related to employee benefit plan audits, procedures performed for SSAE 16 reports, attestation services pertaining to financial reporting that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

Tax Fees: The Tax fees for the years ended December 31, 2012 and 2011 were for services related to tax compliance, including the preparation and/or review of tax returns and claims for refunds.

All Other Fees: The All Other fees for the year ended December 31, 2011 related to services provided by a consulting firm that was acquired by PricewaterhouseCoopers during the course of its engagement with the company.

The Audit Committee has adopted policies and procedures to pre-approve all services to be performed by PricewaterhouseCoopers. Specifically the committee s policy requires pre-approval of the use of PricewaterhouseCoopers for audit services as well as detailed, specific types of services within the following categories of audit-related and non-audit services: merger and acquisition due diligence and audit services; employee benefit plan audits; tax services; and procedures required to meet certain regulatory requirements. The committee will not approve any service prohibited by regulation and does not anticipate approving any service in addition to the categories described above. In each case, the committee s policy is to pre-approve a

specific annual budget by category for such audit, audit-related and tax services which the company anticipates obtaining from PricewaterhouseCoopers, and has required management to report the actual fees (versus budgeted fees) to the committee on a periodic basis throughout the year. In addition, any new, unbudgeted engagement for audit services or within one of the other pre-approved categories described above must be pre-approved by the committee or its chair.

Vote Required; Recommendation of the Board of Directors

Ratification of the appointment of Pitney Bowes independent accountants requires the affirmative vote of a majority of votes cast. Abstentions and broker non-votes will not be votes cast and therefore will have no effect on the outcome of the vote.

The board of directors recommends that stockholders vote FOR the ratification of PricewaterhouseCoopers LLP as our independent accountants for 2013.

Proposal 3: Advisory Vote to Approve Executive Compensation

In accordance with SEC rules, stockholders are being asked to approve, on an advisory or non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement.

Over the course of the last year, the Executive Compensation Committee engaged in an extensive re-examination of our executive compensation program following the vote cast against our advisory resolution on executive compensation, or Say-on-Pay vote, at our 2012 annual meeting. The Executive Compensation Committee and the independent board members received direct feedback from stockholders through two outreach campaigns spearheaded by the Executive Compensation Committee s newly appointed chairman. The Executive Compensation Committee also engaged a new independent compensation consultant, Pay Governance LLC, to assist them in assessing the stockholder feedback and in conducting their own analysis in deciding which changes to implement. The committee chairman launched his first stockholder outreach campaign in the spring, before the 2012 annual meeting. During that campaign, the committee s chairman and members of senior management reached out to stockholders holding over 60% of our outstanding shares to elicit their feedback regarding our executive compensation policies and programs. In the fall, after the Executive Compensation Committee and the board had approved and announced the changes to our executive compensation program,

the committee s chairman again launched a stockholder outreach campaign initiating contact with holders of approximately 64% of our outstanding shares to explain the announced changes to our program and to elicit their feedback. Both in the spring and the fall outreach campaigns, the committee chairman, together with members of senior management held meetings with more than a majority of the stockholders with whom they initiated contact. Stockholders responded favorably at the meetings held in the fall to the announced changes.

The committee chairman and members of management also met with the two prominent stockholder proxy advisory firms to obtain feedback. The committee chairman is committed to continuing his dialogue with our stockholders on executive compensation on a regular basis.

Because the committee adopted its 2012 executive compensation program before the 2012 advisory vote on executive compensation, some of the recent changes will not be reflected in named executive officer compensation tables until our 2013 executive compensation is reported in the 2014 proxy statement. Where possible, however, the committee retroactively adjusted elements of long term compensation and also exercised negative discretion on the final payout of the annual incentive and CIUs to align with our performance and total stockholder return compared to our new peer group.

Key Changes Made to our Executive Compensation Program

Aligned the former CEO s annual incentive target to the median market competitive data, reducing it from 165% to 130% of base salary. We maintained the same target level for our new CEO;
Enhanced the rigor and transparency of our annual incentive objectives by increasing the weight of the financial objectives to at least 80% and reducing the weight of strategic objectives to no more than 20%;
Changed the type and mix of our long-term incentives and increased the performance-based component. Beginning in 2013, long-term incentives are composed of 60% CIUs, and 40% RSUs;
Cancelled our former CEO s $2 million special KEIP award;
Revised our peer group to better balance company size and business complexity;
Enhanced disclosure of our performance targets;
Eliminated the excise tax gross-ups; and
Reduced severance benefits payable upon a change of control for officers by up to one-third at the most senior management levels.

Please see Compensation Discussion and Analysis Discussion of Compensation Actions Response to the 2012 Say-on-Pay Vote beginning on page 49 of this proxy statement for a more complete summary of these changes.

We have a pay-for-performance philosophy that forms the foundation of all decisions regarding compensation of our named executive officers. We believe we have strengthened the link between pay and performance in the design of our executive compensation program. The pay-for-performance link is evidenced as follows:

PROPOSAL 3: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

Pay for Performance

Program Design. 86% of target total direct compensation for our CEO is variable and 53% is subject to rigorous performance metrics in addition to the 162(m) threshold target. 73% of target total direct compensation for the other executive officers is variable and 47% is subject to rigorous performance metrics in addition to the 162(m) threshold target.
Actual Payout. Given the special circumstances of this year, including the TSR, the limited ability to retroactively change many aspects of awards made prior to the 2012 Say-on-Pay vote, and to ensure a strong alignment of pay to performance, the committee concluded that lowering executive compensation was appropriate. The payout for the 2012 annual incentive and CIU awards was well below target for overall below target performance.

- While 2012 performance against stated objectives under the annual incentive plan would have supported a payout of 75% of target, the committee used negative discretion to reduce the annual incentive payout by an additional 11% to 64% of target, which is 35% below the payout from the previous year.
- For the 2010-2012 CIU long-term incentive award, performance against objectives would have supported a payout of $1.42 per unit before applying the TSR modifier. The TSR modifier reduced the CIU award by 20% to $1.14 per unit. The committee used negative discretion to reduce the CIU payout by an additional 35% to $0.74 per unit, which is 31% below the CIU payout on the award from the previous year. The committee reduced the payment from $1.42 per unit to $0.74 per unit to approximate the decline in our stock price over the three-year performance period.

Please see Compensation Discussion and Analysis Compensation Payout Overview beginning on page 53 of this proxy statement for a more detailed discussion of the 2012 executive compensation awards and payouts.

In addition to the changes summarized above, we are maintaining the existing compensation practices that represent strong corporate governance policies.

Existing Strong Pay Practices

- An independent compensation consultant who reports directly to the committee and performs no other services for the company;
- A direct line of communication between our stockholders and the board of directors;
- No employment agreements with our executive officers;
- No special arrangements whereby extra years of prior service are credited under our pension plans;
- No perquisites other than limited financial counseling and an executive physical benefit;
- Double-trigger vesting provisions in our change-of-control arrangements;
- A clawback policy that permits the company to recover bonuses from senior executives whose fraud or misconduct resulted in a significant restatement of financial results;
- Prohibitions against pledging and hedging our stock;
- An annual risk assessment of our pay practices;
- Significant stock ownership guidelines that align executives and directors interests with those of stockholders; and
- An annual stockholder advisory vote on executive compensation.

We believe that the changes summarized above, together with our other existing strong compensation practices, have addressed the concerns of many of our stockholders and have resulted in a compensation program deserving of stockholder support. In accordance with Section 14A of the Exchange Act, we are asking stockholders to indicate their support for our named executive officer compensation by voting FOR this resolution. This vote is not intended to address any specific item of compensation, but rather the overall compensation for our named executive officers. Accordingly, we are asking our stockholders to vote FOR the following advisory resolution at the 2013 annual meeting:

RESOLVED, that the stockholders of Pitney Bowes Inc. approve, on an advisory basis, the compensation of the company s named executive officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in this proxy statement for the company s 2013 annual meeting of stockholders.

This advisory resolution, commonly referred to as a Say-on-Pay resolution, is non-binding on the board of directors. Although non-binding, our board of directors and the committee will carefully review and consider the voting results when making future decisions regarding our executive compensation program.

Vote Required; Recommendation of the Board of Directors

The vote on executive compensation is an advisory vote. The affirmative vote of the majority of the votes cast will constitute the stockholders non-binding approval with respect to our executive compensation programs. Abstentions and broker non-votes will not be votes cast and therefore will have no effect on the outcome of the vote.

The board of directors recommends that stockholders vote FOR the approval of the advisory resolution on executive compensation.

Proposal 4: Approval of the Pitney Bowes Inc. 2013 Stock Plan

The board of directors recommends that stockholders approve the Pitney Bowes Inc. 2013 Stock Plan (the Plan). Based upon the recommendation of the Executive Compensation Committee, the board of directors unanimously approved the Plan in December 2012 and approved the maximum shares to be provided under the Plan in February 2013. The Plan will become effective May 13, 2013 subject to stockholder approval at our annual meeting. The Plan would govern grants of stock-based awards to employees, which is an important component of our compensation program encouraging the alignment of executive compensation with stockholder interests. The complete text of the Plan approved by the board of directors is attached as Annex A to this Proxy Statement. The following discussion is qualified in all respects by reference to Annex A.

Why we believe you should approve the Plan

Equity compensation is an essential part of our compensation program to help us attract and retain talent in order to deliver our strategy and create stockholder value. We believe our future success depends on our ability to attract, motivate and retain high quality employees and approval of the Plan is critical to achieving this success.

The use of our stock as part of our compensation program is also important to our continued success because it fosters a pay-for-performance culture, which is an important element of our overall compensation program. We believe that equity compensation motivates employees to create stockholder value because the value employees realize from equity compensation is based on our stock performance.

Finally, we believe that we have demonstrated our commitment to sound equity compensation practices. We recognize that equity compensation awards dilute stockholder equity and, therefore, we have carefully managed our equity incentive compensation. Our equity compensation practices are targeted to be consistent with the market median, and we believe our historical share usage has been responsible and mindful of stockholder interests, as described further below.

Plan Highlights

The Plan is an omnibus stock plan that provides for a variety of equity award vehicles to maintain flexibility. The Plan will permit the grant of stock options, stock appreciation rights (SARs), restricted stock awards, stock units, and other stock-based awards. Currently, participant awards largely consist of restricted stock units with occasional use of stock options. Also in unique circumstances, where needed for attracting, retaining and motivating executive talent, restricted stock may be awarded. The Plan is flexible and will allow us to change equity grant practices from time to time.

Provisions Designed to Protect Stockholder Interests

The Plan has several provisions designed to protect stockholder interests and promote effective corporate governance including:

- Independent Plan Administrator;
- Limit on grants of full-value awards;
- Prohibition on share recycling or Liberal Share Counting practices;

No re-pricing of stock options or stock appreciation rights without prior stockholder approval;
Stock options and stock appreciation rights cannot be granted below 100% of fair market value;
Maximum term for stock options and stock appreciation rights is 10 years;
Generally, a minimum three-year vesting for time-based full-value awards and stock options/stock appreciation rights;
Minimum one-year performance period for performance-based awards;
Change-in-Control definition that requires either a 30% acquisition or a consummation of a transaction;
No evergreen provision to automatically increase the number of shares issuable under the Plan;
Double-trigger requirement to accelerate vesting under a Change-in-Control; and
Clawback policy.

PROPOSAL 4: APPROVAL OF THE PITNEY BOWES INC. 2013 STOCK PLAN

Determination of the Shares Available Under the Plan

In order to decide upon a number of the Plan features, the committee consulted Pay Governance LLC, its independent compensation advisor. Pay Governance examined a number of factors, including our burn rate, and performed an overhang analysis. The committee considered Pay Governance s analysis and advice in reaching its decision on the total number of shares to include in the Plan. The committee and the board also considered the need for stockholder approval of the Plan to maintain the ability to make performance-based awards that are intended to comply with Internal Revenue Code Section 162(m).

A maximum of 19 million shares plus any shares subject to outstanding awards as of April 30, 2013 under any Prior Plans (as defined below) that on or after that date cease for any reason to be subject to such awards (other than by reason of exercise or settlement of the awards to the extent they are exercised for or settled in vested and nonforfeitable shares), subject to adjustment as described below, will be available for grants of all equity awards. Any shares authorized but not awarded under the current 2007 Stock Plan will be extinguished under that plan upon approval of the Plan. Prior Plans means the Pitney Bowes Stock Plan, as amended and restated as of January 1, 2002 and the Pitney Bowes Inc. 2007 Stock Plan as amended through February 2010.

The board believes that 19 million shares, 11.5 million of which are reserved for full value share awards, represents a reasonable amount of potential equity dilution and provides a powerful incentive for employees to increase the value of the company for all stockholders. Based on our past experience, we believe the 19 million shares will provide us an opportunity to grant equity awards for approximately five years before we would need to seek stockholder approval of more shares. In order to determine the number of shares to be authorized under the Plan, the committee and the board considered the need for the shares and the potential dilution that awarding the requested shares may have on current stockholders.

Equity Overhang

As of December 31, 2012, there were 16,644,439 shares available for issuance under the Prior Plans that will be extinguished upon approval of the 2013 Plan. If approved, the 19 million shares available under the Plan would represent approximately 9% of 200,884,047 shares of common stock outstanding as of December 31, 2012. No further grants would be made under the 2007 Stock Plan; accordingly, the 16,644,439 shares

referred to above would no longer be available for future awards under the Prior Plans. Assuming the approval of the Plan and the extinguishment of the 16,644,439 shares from Prior Plans, the potential equity overhang from all stock incentives granted and available to employees and directors would be approximately 15%. The equity overhang under the Prior Plans as of December 31, 2012 was 14%.

An additional metric that the committee and the board used to consider the cumulative dilutive impact of the equity program was overhang. Included in the equity overhang calculation are options with exercise prices greater than the current share price. Overhang is defined as:

- outstanding stock options, plus
- outstanding full value awards, such as stock units, plus
- the number of shares available for future grant under our Directors Plan and the proposed Plan (disregarding the remaining 2007 Stock Plan shares because no future grants would be made if the Plan is approved),
- collectively divided by:
  - 200,884,047 (the total outstanding shares of common stock as of December 31, 2012) plus
  - potential shares from the conversion of preferred stock, plus
  - all shares in the numerator.

As of December 31, 2012, there were 15,760,550 shares outstanding under the Prior Plans (of which 2,107,305 are stock units and shares of restricted stock, and 13,653,245 are stock options). As of December 31, 2012, the weighted average exercise price of outstanding stock options was $35.28 and the weighted average remaining term was 4.2 years.

Burn Rate

The committee and the board also considered the burn rate with respect to the equity awards. The burn rate is the total equity awards we granted in a fiscal year divided by the total common stock outstanding at the beginning of the year. Our three-year average burn rate of 1.09% for the time period from 2010 to 2012 is below the median burn rate of 1.55% for S&P 1500 companies

in FY2011 (source: Equilar 2012 Equity Trends Report). We will continue to monitor our equity use in future years to ensure our burn rate is maintained within competitive market norms. The committee and the board were satisfied that the burn rate over the past three years was at an acceptable level and well below the median of S&P 1500 companies.

Plan Terms and Conditions

Purpose of the Plan

The Plan is designed to support our long-term business objectives in a manner consistent with our executive compensation philosophy. The board believes that by allowing us to continue to offer our employees long-term, equity-based incentive compensation through the Plan, we will promote the following key objectives:

- aligning the interests of key employees with those of the stockholders through increased employee ownership of Pitney Bowes; and
- attracting, motivating and retaining experienced and highly qualified employees who will contribute to our success.

Plan Administration

The Plan is administered by the Executive Compensation Committee or any other committee designated by the board of directors to administer the Plan (the Committee). The board of directors and the Committee have the authority to delegate their duties under the Plan to the fullest extent permitted by Delaware law. The Committee may delegate certain administrative tasks to an internal administrative employee benefits committee. Any power of the Committee may also be exercised by the board of directors. In the event that an action taken by the board of directors conflicts with action taken by the Committee, the board of directors action will control. The Committee is authorized to designate participants under the Plan, determine the number of shares and type(s) of awards granted to participants, determine the terms and conditions of awards, interpret and administer the Plan, establish, amend, suspend, rescind or reconcile rules and regulations under the Plan, and generally make any other determination and take any other action the Committee deems necessary or desirable for the administration of the Plan.

Eligibility and Participation

Although all of the approximately 27,400 full-time employees of the company and its affiliates are eligible to participate in the Plan, approximately 1,400 employees (including the executive officers of the company) currently receive long-term incentive awards in a given year. These numbers may vary from year to year. From time to time, the Committee will determine who will be granted awards, the number of shares subject to such grants and all other terms of awards.

Limits on Plan Awards

The board has reserved a maximum of 19 million shares (subject to adjustment as described below) for issuance pursuant to stock options, SARs, restricted stock awards, stock units and other stock-based awards under the Plan. In addition to the number of shares described in the preceding sentence, any shares associated with outstanding awards under the Prior Plans as of April 30, 2013 that on or after such date cease for any reason to be subject to such awards (other than by reason of exercise or settlement of the awards to the extent they are exercised for or settled in vested and nonforfeitable shares) will become available for issuance under the Plan. Of the maximum number of shares available for issuance under the Plan, no more than 11.5 million shares in the aggregate may be issued pursuant to grants other than options or SARs during the term of the Plan. A participant may receive multiple awards under the Plan. A maximum of 1.2 million shares that are the subject of awards (other than tandem SARs) may be granted under the Plan to an individual during any calendar year.

Shares delivered under the Plan will be authorized but unissued shares of Pitney Bowes common stock, treasury shares or shares purchased in the open market or otherwise. To the extent that any award payable in shares is forfeited, cancelled, returned to the company for failure to satisfy vesting requirements or upon the occurrence of other forfeiture events, or otherwise terminates without payment being made, the shares covered thereby will no longer be charged against the maximum share limitation and may again be made subject to awards under the Plan. Any awards settled in cash will not be counted against the maximum share reserve under the Plan. However, any shares exchanged by a participant or withheld from a participant as full or partial payment to the company of the exercise price or the tax withholding upon exercise or settlement of an award, unissued shares resulting from the settlement of SARs in stock or net settlement of a stock option, and shares repurchased on the open market with the proceeds of an option exercise will not be returned to the number of shares available for issuance under the Plan.

Types of Plan Awards

The Plan, like our prior equity plans, provides for a variety of equity instruments to preserve flexibility. The types of awards that may be issued under the Plan are described below.

Stock Options

Stock options granted under the Plan may be either non-qualified stock options or incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended (the Code). The exercise price of any stock option granted, other than substitute awards or tandem SARs, may not be less than 100% of the fair market value of a share of Pitney Bowes common stock on the date of grant. The Plan defines the fair market value as the closing price of Pitney Bowes common stock on the date of grant as reported by the New York Stock Exchange. The option exercise price is payable in cash, shares of Pitney Bowes common stock, through a broker-assisted cash-less exercise through share withholding or as otherwise permitted by the Committee.

The Committee determines the terms of each stock option grant at the time of the grant. Generally, all options have a ten-year term from the date of the grant. The Committee specifies, at the time each option is granted, the time or times at which, and in what proportions, an option becomes vested and exercisable. Vesting may be based on the continued service of the participant for specified time periods or on the attainment of specified business performance goals established by the Committee or both. Under certain circumstances, the Committee may accelerate the vesting of options.

In general, a vested stock option expires three months after termination of employment.

Stock Appreciation Rights

A SAR entitles the participant, upon settlement, to receive a payment based on the excess of the fair market value of a share of Pitney Bowes common stock on the date of settlement over the base price of the right, multiplied by the applicable number of SARs of Pitney Bowes common stock. SARs may be granted on a stand-alone basis or in tandem with a related stock option. The base price may not be less than the fair market value of a share of Pitney Bowes common stock on the date of grant. The Committee will determine the vesting requirements, form of payment and other terms of a SAR, including the effect of termination of service of a participant. Vesting may be based on the continued service of the participant for specified time periods or on the attainment of specified business performance goals established by the Committee or both. Under certain circumstances, the Committee may accelerate the vesting

of SARs. Generally, all SARs have a ten-year term from the date of the grant. SARs may be payable in cash or in shares of Pitney Bowes common stock or in a combination of both.

The company does not currently have any SARs outstanding.

Restricted Stock

A restricted stock award represents shares of Pitney Bowes common stock that are issued subject to restrictions on transfer and vesting requirements as determined by the Committee. Generally, time vested restricted stock awards will vest over a period of not less than three years and performance shares will vest over a period of not less than one year. Awards may allow pro-rated vesting during the restriction period. Vesting requirements may be based on the continued service of the participant for specified time periods or on the attainment of specified business performance goals established by the Committee or both.

Stock Units

An award of stock units provides the participant the right to receive a payment based on the value of a share of Pitney Bowes common stock. Stock units may be subject to such vesting requirements, restrictions and conditions to payment as the Committee determines are appropriate. Generally, time vested stock unit awards will vest over a period of not less than three years and performance units will vest over a period of not less than one year. Awards may allow pro-rated vesting during the restriction period. Vesting requirements may be based on the continued service of the participant for a specified time period or on the attainment of specified business performance goals established by the Committee or both. Stock unit awards are payable in cash or in shares of Pitney Bowes common stock or in a combination of both. Stock units may also be granted together with related dividend equivalent rights which are payments equivalent to dividends declared on the company s common stock. The Plan

provides that dividend equivalents may not be paid with respect to invested stock.

Other Stock Based Awards

The Committee may grant participants such other awards denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of Pitney Bowes common stock (including without limitation securities convertible into such shares), as are deemed by the Committee to be consistent with the purposes of the Plan.

PROPOSAL 4: APPROVAL OF THE PITNEY BOWES INC. 2013 STOCK PLAN

Qualifying Performance-Based Awards

Subject to the other terms of the Plan, the Committee may condition the grant, retention, issuance, payment, release, vesting or exercisability of any award, in whole or in part, upon the achievement of performance criteria during one or more specified performance periods. The performance criteria for any award that is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code will be any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the company as a whole or to a business unit, subsidiary, division or department, either individually or alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous year s results or to a designated comparison group, in each case established by the Committee: (i) achievement of cost control, (ii) adjusted earnings per share, (iii) adjusted free cash flow, (iv) earnings before interest and taxes (EBIT), (v) earnings before interest, taxes, depreciation and amortization (EBITDA), (vi) earnings per share, (vii) economic value added, (viii) free cash flow, (ix) gross profit, (x) growth of book or market value of capital stock, (xi) income from continuing operations, (xii) net income, (xiii) operating income, (xiv) operating profit, (xv) organic revenue growth, (xvi) return on investment, (xvii) return on operating assets, (xviii) return on stockholder equity, (xix) revenues, (xx) stock price, (xxi) total earnings, or (xxii) total stockholder return.

To the extent consistent with Section 162(m) of the Code, the Committee (A) will appropriately adjust any

evaluation of performance under a performance goal to eliminate the effects of charges for restructurings, discontinued operations, extraordinary items and all items of gain, loss or expense determined to be extraordinary or unusual in nature or related to the disposal of a segment or a business or related to a change in accounting principle all as determined in accordance with standards established by opinion No. 30 of the Accounting Principles Board (APB Opinion No. 30) or other applicable or successor accounting provisions, as well as the cumulative effect of accounting changes, in each case as determined in accordance with generally accepted accounting principles or identified in the company s financial statements, including the notes thereto, and (B) may appropriately adjust any evaluation of performance under a performance goal to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation, claims, judgments or settlements, (iii) the effect of changes in tax law or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) accruals of any amounts for payment under the Plan or any other compensation arrangement maintained by the company.

The Committee will certify the extent to which any qualifying performance criteria has been satisfied, and the amount payable as a result thereof, prior to payment, settlement or vesting of any award that is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code.

Forfeiture of Awards (Clawback)

The Plan provides that awards will be forfeited in the event that a participant 1) engages in gross misconduct (as defined in the Plan), 2) violates the terms of the Proprietary Interest Protection Agreement (a non-compete, non-solicitation and confidentiality agreement) or similar agreement, or 3) knowingly or grossly negligently engages in misconduct resulting in a restatement of the company s financial statements due to the company s material non-compliance with any financial reporting requirement under the securities laws.

Effect of Change of Control

Upon certain terminations of employment on account of a change of control (as defined in the Plan), all options and SARs outstanding will become immediately and fully exercisable, all restrictions applicable to restricted stock or stock units will terminate and be deemed to be fully satisfied and all forfeiture provisions imposed on such awards will lapse, the holders of any outstanding dividend equivalents will be entitled to surrender such award to the company and receive payment of an amount equal to the amount that would have been paid over the remaining term of the dividend equivalent, as determined by the Committee, all outstanding other stock-based awards will become immediately vested and payable, and performance awards for all perform-

ance periods, including those not yet completed, will immediately become fully vested and payable in accordance with the following:

(A) the total amount of performance awards conditioned on nonfinancial performance goals will be immediately payable (or exercisable or released, as the case may be) as if the performance goals had been fully achieved for the entire performance period; and

(B) for performance awards conditioned on financial performance goals and payable in cash, the amount payable under such award will be the higher of (i) target performance and (ii) performance achieved through the end of the last fiscal quarter prior to the triggering event as if satisfied for the entire performance period.

Limited Transferability

All options, SARs, restricted stock, stock units and other stock-based awards granted under the Plan are nontransferable except upon death, either by the participant s will or the laws of descent and distribution or through a beneficiary designation, or as otherwise provided by the Committee.

Adjustments for Corporate Changes

In the event of recapitalizations, reclassifications or other specified events affecting the company or the outstanding shares of Pitney Bowes common stock, equitable adjustments will be made to the number and kind of shares of Pitney Bowes common stock available for

grant, as well as to other maximum limitations under the Plan, and the number and kind of shares of Pitney Bowes common stock or other rights and prices under outstanding awards.

Term, Amendment and Termination

The Plan will have a term of ten years expiring on February 10, 2023, unless terminated earlier by the board of directors. Unless prohibited by applicable law or otherwise expressly provided in an award agreement or in the Plan, the board may at any time and from time to time and in any respect amend, alter, suspend, discontinue or terminate the Plan. The board may seek the approval of any amendment or modification by the company s stockholders to the extent it deems necessary or advisable in its sole discretion for purposes of compliance with Section 162(m) of the Code, the listing requirements of the New York Stock Exchange or another exchange or securities market or for any other purpose. No amendment or modification of the Plan will

adversely affect any outstanding award without the consent of the participant or the permitted transferee of the award. Any amendment to the Plan that would (a) increase the total number of shares available for awards under the Plan; (b) reduce the price at which options or SARs may be granted below the exercise price; (c) reduce the exercise price of outstanding options or SARs; (d) extend the term of the Plan; (e) change the class of persons eligible to be participants; (f) otherwise amend the Plan in any manner requiring stockholder approval by law or under the New York Stock Exchange listing requirements; or (g) increase the individual maximum limits would require stockholder approval.

Plan Benefits

Because benefits under the Plan will depend on the Committee s actions (including a determination of who will receive future awards and the terms of those awards) and the fair market value of common shares at various future dates, it is not possible to determine the benefits that will be received by executive officers and

other employees if the Plan is approved by the stockholders.

On February 11, 2013, the date of the 2013 award grants, the closing price of our common stock traded on the New York Stock Exchange was $13.85 per share.

U. S. Federal Income Tax Consequences

The following discussion summarizes the material U.S. federal income tax consequences to the company and the participating employees in connection with the Plan under existing applicable provisions of the Code and the accompanying regulations. The discussion is general in nature and does not address issues relating to the income tax circumstances of any individual employee. The discussion is based on federal income tax laws in effect on the date of this proxy statement and is, therefore, subject to possible future changes in the law. The discussion does not address the consequences of state, local or foreign tax laws.

Nonqualified Options

An employee will not recognize any income upon receipt of a nonqualified stock option, and the company will not be entitled to a deduction for federal income tax purposes in the year of grant. Ordinary income will be realized by the holder at the time the nonqualified stock option is exercised and the shares are transferred to the

employee. The amount of such taxable income, in the case of a nonqualified stock option, will be the difference, if any, between the option price and the fair market value of the shares on the date of exercise.

Incentive Stock Options

An employee who receives an incentive stock option (ISO) will not recognize any income for federal income tax purposes upon receipt of the ISO, and the company will not realize a deduction for federal income tax purposes. However, the difference between the fair market value of the stock on the date of grant and the option exercise price is a tax preference item that may subject the optionee to the alternative minimum tax. If the optionee does not dispose of the ISO shares within two years from the date the option was granted or within one year after the shares were transferred to him on exercise of the option, then that portion of the gain on the sale of the shares that is equal to the difference between the sales price and the option exercise price will be treated

as a long-term capital gain. The company will not be entitled to a deduction either at the time the employee exercises the ISO or subsequently sells the ISO shares. However, if the employee sells the ISO shares within two years after the date the ISO is granted or within one year after the date the ISO is exercised, then the sale is considered a disqualifying sale, and the difference between the grant price and the exercise price will be taxed as ordinary income. The balance of the gain will be treated as long- or short-term capital gain depending on the length of time the employee held the stock. If the shares decline in value after the date of exercise, the compensation income will be limited to the difference between the sale price and the amount paid for the shares. The tax will be imposed in the year the disqualifying sale is made. The company will be entitled to a deduction equal to the ordinary income recognized by the employee.

With respect to both nonqualified stock options and ISOs, special rules apply if an employee uses shares already held by the employee to pay the exercise price or if the shares received upon exercise of the option are subject to a substantial risk of forfeiture by the employee.

Stock Appreciation Rights

Upon exercise of a SAR, an employee will recognize taxable income in the amount of the aggregate cash received. An employee who is granted unrestricted shares will recognize ordinary income in the year of grant equal to the fair market value of the shares received. In either such case, the company will be entitled to an income tax deduction in the amount of such income recognized by the employee.

Restricted Stock

Employees receiving restricted stock will not recognize any income upon receipt of the restricted stock. Ordinary income will be realized by the holder at the time that the restrictions on transfer are removed or have expired. The amount of ordinary income will be equal to the fair market value of the shares on the date that the restrictions on transfer are removed or have expired. The company will be entitled to a deduction at the same time and in the same amount as the ordinary income the employee is deemed to have realized. However, no later than 30 days after an employee receives the restricted stock, the employee may elect to recognize taxable ordinary income in an amount equal to the fair market value of the shares at the time of receipt. Provided that the election is made in a timely manner, when the restrictions on the shares lapse, the employee will not recognize any additional income. If the employee forfeits the shares to the company, the employee may not claim a deduction with respect to the income recognized as a result of the election.

Generally, when an employee disposes of shares acquired under the Plan, the difference between the sales price and his or her basis in such shares will be treated as long- or short-term capital gain or loss depending upon the holding period for the shares.

Stock Units

Employees who are granted restricted stock units do not recognize income at the time of the grant. When the award vests or is paid, participants generally recognize ordinary income in an amount equal to the fair market value of the units at such time, and the company will receive a corresponding deduction.

Potential Limitation on Deductions

Special rules limit the deductibility of compensation paid to the chief executive officer and to each of the next three most highly compensated executive officers, other than the chief financial officer. Under Section 162(m), unless various conditions are met that enable compensation to qualify as performance-based, the annual compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed $1,000,000. However, the rules and regulations promulgated under Section 162(m) are complicated and subject to change. As such, there can be no assurance that any compensation awarded or paid under the Plan will be deductible under all circumstances to these executive officers.

Federal Income Tax Consequences to the Company

The board of directors believes that it is in the best interests of the company and its stockholders to provide for a stock plan under which compensation awards made to the company s executive officers are eligible to qualify for deductibility by the company for federal income tax purposes. To the extent that a recipient recognizes ordinary income in the circumstances described above, the company will be entitled to a corresponding deduction provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an excess parachute payment within the meaning of Section 280G of the Code and is not disallowed by the $1,000,000 limitation on certain executive compensation under Section

162(m) of the Code.

Accordingly, the Plan is designed to permit the grant of awards that are intended to qualify as performance-based compensation not subject to the $1,000,000 deductibility cap under Section 162(m), however, there can be no guarantee that amounts payable under the Plan will be treated as qualified performance-based compensation under Section 162(m). In general, under Section 162(m), in order for the company to be able to deduct compensation in excess of $1,000,000 paid in any one year to the company s chief executive officer or any of the Company s three other most highly compensated executive officers (other than the company s chief financial officer), such compensation must qualify as performance-based. One of the requirements for performance-based compensation for purposes of Section 162(m) is that the material terms of the performance goals under which compensation may be paid be disclosed to and approved by the company s stockholders at least once every five years. For purposes of Section 162(m), the material terms include (i) the employees eligible to receive compensation, (ii) a

description of the business criteria on which the performance goal is based and (iii) the maximum amount of compensation that can be paid to an employee under the performance goal. With respect to the various types of awards under the Plan, each of these aspects is discussed below, and approval of the Plan itself will constitute approval of each of these aspects of the Plan for purposes of the approval requirements of Section 162(m).

Tax Withholding

To the extent required by applicable federal, state, local or foreign law, a participant will be required to satisfy, in a manner satisfactory to the company, any withholding tax obligations that arise by reason of the award.

Section 409A

Section 409A of the Code applies to any awards under the Plan that are deemed to be deferred compensation. If the requirements of Section 409A of the Code are not met, the recipient may be required to include deferred compensation in taxable income, and additional taxes and interest may be assessed on such amounts. If any awards are subject to Section 409A, we intend to have the awards comply with Section 409A of the Code.

Tax Treatment of Awards to Employees Outside the United States

The grant and exercise of options and awards under the Plan to employees outside the United States may be taxed on a different basis.

Vote Required; Recommendation of the Board of Directors

Approval of the Pitney Bowes Inc. 2013 Stock Plan requires the affirmative vote of a majority of votes cast. Abstentions and broker non-votes will not be votes cast and therefore will have no effect on the outcome of the vote. In addition, under New York Stock Exchange rules, the total number of votes cast must represent a majority of the outstanding shares entitled to vote on the proposal. However, for purposes of approval under New York Stock Exchange rules, abstentions are treated as votes cast, and, therefore, will have the same effect as an against vote. In addition, broker non-votes are considered entitled to vote, having the practical effect of increasing the number of affirmative votes required to achieve a majority of the shares entitled to vote.

The board of directors recommends that stockholders vote FOR the proposal to approve the Pitney Bowes Inc. 2013 Stock Plan.

Equity Compensation Plan Information

The following table provides information as of December 31, 2012 regarding the number of shares of common stock that may be issued under our equity compensation plans.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)
Equity compensation plans approved by security holders	15,760,550	$32.93	16,644,439
Equity compensation plans not approved by security holders			
Total	15,760,550	$32.93	16,644,439

Report of the Executive Compensation Committee

The Executive Compensation Committee (committee) of the board of directors (1) has reviewed and discussed with management the section included below in this proxy statement entitled Compensation Discussion and Analysis (CD&A) and (2) based on that review and discussion, the committee has recommended to the board of directors that the CD&A be included in the company s Annual Report on Form 10-K for the year ended December 31, 2012 and this proxy statement.

By the Executive Compensation Committee of the board of directors,

Eduardo R. Menascé, Chairman
Rodney C. Adkins
Anne Sutherland Fuchs
James H. Keyes
David B. Snow, Jr.
Robert E. Weissman

Compensation Discussion and Analysis

The following discussion and analysis contains statements regarding company performance targets and goals. These targets and goals are disclosed in the limited context of our compensation programs and should not be understood to be statements of management s expectations or estimates of results or other guidance. Investors should not apply these statements to other contexts.

Executive Summary

Overview

This Compensation Discussion and Analysis, or CD&A, section explains our compensation philosophy, summarizes the material components of our compensation programs and reviews compensation decisions made by the Executive Compensation Committee (the committee), a committee comprised of only independent directors, and in the case of the Chief Executive Officer (CEO), the independent board members, for the six executives identified as Named Executive Officers (NEOs) in the Summary Compensation Table below. The NEOs for 2012 are:

2012 NEOs
Marc B. Lautenbach, President and Chief Executive Officer
Michael Monahan, Executive Vice President and Chief Financial Officer
Leslie Abi-Karam, Executive Vice President and President, Pitney Bowes Communications Solutions
Vicki A. O Meara, Executive Vice President and President, Pitney Bowes Services Solutions
John E. O Hara, Executive Vice President and President, Pitney Bowes Software Solutions
Murray D. Martin, former Chairman, President, and Chief Executive Officer

Effective December 3, 2012, the board elected Mr. Lautenbach as our new President and CEO. As of that same date Mr. Martin, our former CEO, was elected Executive Vice President until his retirement on February 6, 2013.

Summary of 2012 Business Results

Revenue for 2012 decreased 4% to $4,904 million compared to $5,123 million in 2011 with worldwide economic conditions, pricing pressures, declining mail volumes and constrained public sector spending in Europe, contributing to the decline. Net income from continuing operations and earnings per diluted share for 2012 were $436 million and $2.16, respectively, compared to $401 million and $1.98, respectively, in 2011. The improvement in earnings per share in 2012 over 2011 was primarily due to lower restructuring charges in 2012 and a 2011 goodwill impairment charge partially offset by higher tax expense due to tax benefits recognized from tax settlements in 2011.

We urge stockholders to read our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 25, 2013, which describes our business and 2012 financial results in more detail.

New CEO and Separation of Chairman and CEO Roles

Effective December 3, 2012, the board of directors elected Marc B. Lautenbach as our new President and CEO. He was also elected to the board of directors for a term expiring at the 2013 annual meeting of stockholders. At the same time, the board of directors separated the roles of Chairman and CEO and appointed Michael I. Roth to the newly created role of Non-Executive Chairman of the board of directors. Prior to this appointment, Mr. Roth served as Lead Director for the board. The Non-Executive Chairman position has replaced the Lead Director position. Our former CEO, Murray D. Martin, resigned effective December 3, 2012, from his position as Chairman, President and Chief Executive Officer and as a member of the board. He was elected Executive Vice President for a term expiring February 6, 2013, to work with Mr. Lautenbach on an effective transition until his retirement at that time.

Summary of Changes on Executive Compensation Following the 2012 Advisory Say on Pay Vote of the Stockholders

Over the course of the last year, the committee engaged in an extensive re-examination of our executive compensation program following the majority vote by stockholders against our advisory resolution on executive compensation, or Say-on-Pay vote, at our 2012 annual meeting. The committee and the independent board members received direct feedback from stockholders through two outreach campaigns spearheaded by the committee s newly appointed chairman. The committee also engaged a new independent compensation consultant to assist them in assessing the stockholder feedback and their own analysis in order to decide what changes to implement. The committee chairman launched his first stockholder outreach campaign in the spring, before our annual meeting. During that campaign, the committee chairman and members of management reached out to stockholders holding over 60% of our outstanding shares to seek their feedback regarding our executive compensation policies and programs.

In the fall, after the committee and the board announced the changes to our executive compensation program, the committee chairman again conducted a stockholder outreach campaign initiating contact with stockholders of approximately 64% of our outstanding shares to explain the announced changes to our program and to seek their feedback. Both in the spring and the fall outreach campaigns, the committee chairman, together with members of management, held meetings with more than a majority of the stockholders with whom they initiated contact. Stockholders responded favorably to the changes discussed at the meetings held in the fall. The committee chairman is committed to continuing his dialogue with our stockholders on executive compensation on a regular basis.

Because the company adopted its 2012 executive compensation program before the 2012 Say-on-Pay vote, some of these changes will not be reflected in NEO compensation tables until 2013 executive compensation is reported in the 2014 proxy statement. Where possible, however, the committee retroactively adjusted elements of long term compensation and also exercised negative discretion on the final payout of the annual incentive awards and cash incentive units (CIUs) to align with our performance and our Total Stockholder Return (TSR). Negative discretion is a concept from IRC 162(m) allowing tax deductibility in certain circumstances if compensation awards are considered performance-based . It also gives the committee the right to reduce the amount that would otherwise be payable based solely on the performance metrics achieved, yet still preserve the tax deductibility under IRC 162(m). Additionally, the committee based the new CEO s compensation package on the new features. Key changes to the compensation program are as follows:

Stockholder Feedback	Features Prior to Say on Pay Vote	New Features and Changes After Say on Pay Vote
The former CEO s annual incentive target was high compared to peers	Former CEO annual incentive target of 165% of base salary	Reduced the former CEO annual incentive target to 130% (applied retroactively to 2012 and to the future)
Stronger alignment between total CEO compensation and TSR	Payout when performance met financial and/or strategic objectives	More aggressive use of negative discretion reflecting TSR, in addition to performance against financial and strategic objectives for annual incentive plan and CIU payouts
Financial performance criteria should have greater weighting in annual incentive program	Annual incentive program comprised of 70% financial metrics and 30% strategic metrics	Increased weighting of financial metrics in annual incentive program to at least 80% and decreased weighting of strategic metrics to no more than 20%
Stronger alignment between long-term TSR performance and long-term incentive payout	One-year TSR adjustment in each of the three years for 2011 2013 CIU cycle, capped at 2.25x target	Reinstituted cumulative three-year +/ 25% TSR adjustment for future CIU awards in connection with eliminating the market stock units (MSUs)
	Eliminated TSR adjustment for 2012 2014 CIU cycle due to the introduction of MSUs as a new award type which includes a TSR feature	Capped maximum payout at 2x target Retroactively applied changes to the 2012 2014 CIU cycle Positive TSR adjustment only if stock price increases over three-year period
Company peer group weighted toward companies with outsized peers	In the prior peer group, we were in the 30th percentile of revenue and 13th percentile of market capitalization. Our prior peer group included companies which over time were no longer a good match based on revenue and market capitalization	Changed the peer group. In the new peer group, we are in the 50th percentile of revenue and 25th percentile of market capitalization, better balancing company size and complexity of business. The new peer group increases the weighting on commercial printing and computer hardware peers
Awards subject to performance criteria in addition to the 162(m) threshold performance target should have greater weight in the total LTI portion of the compensation package	LTI award mix was comprised of 50% CIUs, 25% performance-based restricted stock units (RSUs) and 25% MSUs (in 2012, the 25% stock option LTI component was replaced with MSUs)	For 2013, the LTI award mix is comprised of 60% CIUs and 40% RSUs (CIUs include financial performance criteria in addition to the 162(m) threshold performance target) Eliminated MSUs
Duplicative metrics should be eliminated from the annual and long-term incentive objectives	For 2012, both the annual and long-term incentive objectives included an Adjusted EPS metric as one of the financial objectives	Eliminated duplicative metric. For 2013, the annual incentive plan will replace the Adjusted EPS metric with an Adjusted EBIT metric
Provide more transparency regarding the rigor of the incentive objectives	No disclosure of minimums and maximums of compensation goals and targets	Enhanced disclosure of compensation objectives, including minimums and maximums

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Stockholder Feedback	Features Prior to Say on Pay Vote	New Features and Changes After Say on Pay Vote
Questioned the necessity of Former CEO Special Performance Award	Granted the former CEO $2 million KEIP opportunity based on certain succession planning and enterprise growth objectives	Cancelled this award, with the former CEO s agreement
Change-in-control gross-up is considered a poor pay practice	Provided U.S. executives a gross-up for 20% excise tax imposed on parachute payments under the Internal Revenue Code (Code)	Eliminated change in control excise tax gross-up protection effective October 8, 2012 for all executives

See Response to the 2012 Say-on-Pay Vote for a more detailed discussion beginning on page 49 of this proxy statement.

Snapshot of 2012 Compensation Payout Decisions

In making its compensation decisions and recommendation for the 2012 performance year, the committee considered, among other things, our financial results, the achievement of the compensation objectives, our relative and absolute TSR and the feedback received from stockholders. Our one and three year TSR placed us either below or within the tenth percentile as compared to our new peer group across those respective one and three year TSR measurement periods. Compared to our previous peer group, our one and three year TSR would have placed us either below or within the third percentile. In light of disappointing 2012 TSR, the committee and independent board members reduced the annual incentive payout by 11%, to 64% of target. For the 2010 2012 CIU long-term incentive award, in light of our performance over the past three-years, particularly with respect to our TSR, the committee reduced the CIU payout to $0.74 per unit, 31% below the payout for the prior cycle. The following tables compare the actual payouts in 2012 and 2011.

Annual Incentive	2012 Actual Payout Factor as a % of Target	2011 Actual Payout Factor as a % of Target	Percentage change 2012 vs. 2011
Financial Objectives	64%	74%	
Strategic Objectives	11%	17%	
Payout Modifier	0%	7%	
Subtotal	75%	98%	
Negative Discretion	(11%)	0%	
Total Payout Factor	64%	98%	(35%)

Long-Term Incentive	2012 Actual Unit Payout Value (2010 2012 cycle)	2011 Actual Unit Payout Value (2009 2011 cycle)	Percentage change 2012 vs. 2011
Adjusted Earnings per Share	$0.62	$0.42	
Adjusted Free Cash Flow	$0.80	$0.90	
TSR Modifier[1]	($0.28)	($0.25)	
Subtotal	$1.14	$1.07	
Negative Discretion	($0.40)	$0.00	
Total Payout Value	$0.74	$1.07	(31%)

1 The TSR modifier for 2010 2012 and 2009 2011 CIU cycles is an annual modifier aggregated over each three year cycle, which modifies the final payout by up to +/ 25% based on TSR as compared to the TSR of companies within the S&P 500. The relative TSR for 2009, 2010, 2011 and 2012 was 25%, 10%, 25%, and 25% respectively.

See Compensation Payout Overview beginning on page 53 of this proxy statement for a discussion of each of the compensation components and the respective payouts.

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CEO Compensation Decisions

Taking into account feedback received from stockholders, the committee recommended and the board approved the following actions be taken with respect to the compensation of Mr. Martin, our former CEO.

- Reduced his annual incentive target from 165% to 130% of his base salary or from $1.65 million to $1.30 million, with Mr. Martin s agreement;
- Cancelled his $2.0 million special award, with Mr. Martin s agreement;
- Exercised negative discretion in line with payouts for other executives to reduce his:
  - annual incentive payout by 11%; and
  - CIU payout by 35%.

Effective December 3, 2012, our former CEO Mr. Martin became the Executive Vice President until his retirement on February 6, 2013.

The following chart illustrates Mr. Martin s total compensation as disclosed in the Summary Compensation table from 2010 2012. The key factors that led to the decrease in Mr. Martin s pay from 2011 to 2012 were the actions described above taken by the board based on the committee s recommendation to reduce his annual incentive target and exercise negative discretion on the annual incentive and CIU payouts.

Summary Compensation Table Total Murray Martin

Effective December 3, 2012, the board elected Mr. Lautenbach as our new President and CEO. Mr. Lautenbach s compensation package reflects our new executive compensation structure. As part of his initial sign-on with us, the independent board members also included an enhanced performance incentive in the form of premium priced options. Additionally, Mr. Lautenbach s compensation package is positioned below the market median of our new peer group. The chart below shows our former CEO Mr. Martin s 2012 target total direct compensation, the 2012 median of target total direct compensation for our new peer group and Mr. Lautenbach s 2013 target total direct compensation.

CEO Target Total Direct Compensation 2012 and 2013

(1) Mr. Martin s annual incentive target reflects adjustment from 165% of base salary to 130% of base salary and excludes the $2 million KEIP award.

See pages 52 and 53 for a discussion of Mr. Lautenbach s compensation package.

Pay For Performance Alignment

We have designed our compensation program to link pay with performance.

Program Design. 86% of target total direct compensation for our CEO is variable and 53% is subject to performance metrics in addition to the 162(m) threshold target. 73% of target total direct compensation for the other executive officers is variable and 47% is subject to performance metrics in addition to the 162(m) threshold target.

Actual Payout. Given the special circumstances of this year, including the TSR, the limited ability to retroactively change many aspects of awards made prior to the 2012 Say-on-Pay vote, and to ensure a strong alignment of pay to performance, the committee concluded that lowering executive compensation was appropriate. The 2012 payout of annual incentive and CIU awards was well below target for overall below target performance.

While 2012 performance against stated objectives under the annual incentive plan would have supported a payout of 75% of target, the committee used negative discretion to reduce the annual incentive payout by an additional 11% to 64% of target, which is 35% below the payout from the previous year.

For the 2010 2012 CIU long-term incentive award, performance against objectives would have supported a payout of $1.42 per unit before applying the TSR modifier. The TSR modifier reduced the award by 20% to $1.14 per unit. The committee used negative discretion to reduce the CIU payout by an additional 35% to $0.74 per unit, which is 31% below the CIU payout for the previous year. The committee reduced the payment from $1.42 per unit to $0.74 per unit to approximate the decline in our stock price over the three-year performance period.

Executive Compensation Program Structure

Compensation Philosophy

Our executive compensation program is designed to recognize and reward outstanding achievement and to attract, retain and engage our leaders. In addition, we directly engaged with many of our stockholders in 2012. We plan to continue to regularly engage with our stockholders to solicit feedback on our executive compensation programs to ensure it is appropriately aligned with stockholder interests.
Below is an overview of key aspects of our pay philosophy.

Overall Objectives	Compensation levels should be sufficiently competitive to attract and retain talent; Compensation should reflect leadership position and responsibility; Executive compensation should be linked to the performance of the company as a whole; and Compensation should motivate our executives to deliver the short and long-term business objectives and strategy. Compensation packages should be designed to preserve tax deductibility, however, this should not be the sole objective.
Pay Mix Principles	Compensation should be tied to performance and long-term stockholder return; Performance-based compensation should be a greater part of total compensation for executives with higher levels of responsibility and a greater ability to influence enterprise results; Incentive compensation should reward both short-term and long-term performance; and Executives should own meaningful amounts of Pitney Bowes stock to align their interests with Pitney Bowes stockholders.
Pay for Performance	A significant majority of our NEO s compensation shall be variable based on performance. The annual and long-term incentive components should be linked to operational outcomes, financial results or stock price performance: Annual incentive compensation is earned only if financial and strategic objectives are met; Performance-based cash incentive units are earned only if certain financial objectives (in addition to the 162(m) threshold target) are met and which can be modified plus or minus 25% based on relative performance compared with the newly constituted peer group over a cumulative three-year period; and Performance-based restricted stock units are earned only if a threshold financial target is met for 162(m) purposes.

We Design our Compensation Mix to Focus on Variable Pay

The chart below shows the 2012 targeted compensation mix for the CEO and other NEOs compared with the targeted average compensation of our new peer group as reported in their 2012 proxy statements. The chart shows that our compensation is well aligned to the compensation mix for our new peer group and that it is predominantly variable. The specific proportion of each compensation element below may change with changes in market practice or performance considerations.

This mix of short and long-term incentives is designed to reward and motivate near-term performance, while at the same time providing significant incentives to keep our executives focused on longer-term corporate goals that drive stockholder value. In addition, we believe this balance of short-term and long-term incentive compensation and mix of performance criteria helps mitigate the incentive for executives to take excessive risk that may have the potential to harm the company in the long-term. We monitor on an annual basis to make sure that the structure of our compensation programs does not incentivize excessive risk and report our findings to the committee.

At the NEO level, annual and long-term incentive payouts are largely based on company performance based on enterprise-wide objectives. In addition, we also consider the following in establishing individual payout and grant levels:

- potential impact of the individual s performance on company results now and in the future;
- internal pay equity;
- level of experience and skill;
- individual performance compared with annually established financial, strategic, unit or individual objectives;
- market competitive compensation rates for similar positions; and
- need to attract and retain executive talent during this period of transition.

By their nature, we do not establish specific weightings or numerical goals to these considerations.

Overview of Compensation Components

The committee is responsible for determining the compensation for all NEO s, other than the CEO, and for recommending to the board of directors each specific element of compensation for the CEO. Recommendations from the CEO are taken into account by the committee. The independent board members are responsible for determining the CEO s compensation. No member of the management team, including the CEO, has a role in determining his or her own compensation. For each NEO, the committee sets target total direct compensation levels so the base salary, total cash compensation, and total direct compensation is at +/ 20% of the median of the competitive data based on the Towers Watson General Industry Executive Compensation Survey Report, as regressed for companies approximately our size (Towers Watson Regressed Compensation Report) and as described in more detail under Assessing Competitive Practice Benchmarking beginning on page 59 of this proxy statement), for each position. For 2012, the total target cash compensation (base salary plus annual incentive) and total target direct compensation (base salary plus annual incentive plus long-term incentive) for Mr. Lautenbach was 82% and 101%, respectively, of the market median for chief executive officers in the Towers Watson Regressed Compensation Report. For the NEOs as a group, excluding our former CEO, the average total target cash compensation and total direct compensation was 93% and 106%, respectively, of the market median in the Towers Watson Regressed Compensation Report.

COMPENSATION DISCUSSION AND ANALYSIS

The following table outlines the components of direct compensation for our named executive officers and how it aligns with our compensation principles.

What it Rewards	How it Aligns With Our Principles	Fixed or Performance-Based	Cash or Equity
Base Salary			
Performance of daily job duties Highly developed skills and abilities critical to the success of the company	Competitive in the markets in which we operate enabling us to attract and retain executive talent	Fixed compensation Increases influenced by executive s individual performance rating	Cash
Annual Incentive			
Achievement of pre-determined short-term objectives established in the first quarter of each year	Competitive incentive targets enable us to attract and retain executive talent Payout dependent on achievement of objectives aligning pay to performance Subject to a clawback (See Clawback Policy on page 62 of this proxy statement)	Performance-based compensation predominantly measured on achievement of enterprise-wide metrics Individual performance rating is factored into executives annual incentive Up to a maximum of $4,000,000 per NEO granted under the KEIP	Cash
Long-term Incentives			
Cash Incentive Units (CIUs) (50% in 2012; 60% in 2013)			
Achievement of a pre-determined long-term objective and annual objectives established in the first quarter of the first year and the first quarter of each year, respectively, of the three year cycle Change in company s stock price versus S&P 500 companies for 2012 and versus the company s new peer group starting in 2013	Payout dependent on achievement of long-term objectives aligning pay to performance The resulting unit value is modified by up to +/ 25% based on TSR as compared to the TSR of companies within the S&P 500 for 2012 (compared to TSR of our new peer group starting in 2013), therefore linking payout to stockholder return. TSR modifier cannot be positive if there is a negative TSR over the three-year cycle 3-year performance period cycle thereby promoting retention	Performance-based compensation measured on enterprise-wide metrics Up to a maximum in any one year of $8,000,000 per NEO granted under the KEIP	Cash
Performance-Based Restricted Stock Units (RSUs) (25% in 2012; 40% in 2013)			
Achievement of a pre-determined performance objective established at the time of grant Company stock value	Vesting dependent on achievement of a pre-determined performance objective aligning pay to performance 4-year pro-rata vesting thereby promoting retention Award value linked to company s stock price	Performance-based compensation measured on a threshold financial target for 162(m) purposes Up to a maximum of 600,000 shares per NEO, including grants of MSUs, in any plan year granted under the 2007 Stock Plan	Equity

What it Rewards	How it Aligns With Our Principles	Fixed or Performance-Based	Cash or Equity
Long-term Incentives			
Market Stock Units (25% in 2012;none in 2013)			
Achievement of a pre-determined performance objective established at the time of grant Company stock value	Vesting dependent on achievement of a pre-determined performance objective aligning pay to performance and on formula based on TSR over the three-year cycle. 3-year cliff vesting thereby promoting retention Award value linked to company s stock price	Performance-based compensation measured on a threshold financial metric for 162(m) purposes Up to a maximum of 600,000 shares per NEO, including grants of RSUs, in any plan year granted under the 2007 Stock Plan	Equity
Periodic Off-cycle Long-term Awards			
The committee may also grant other long-term incentive awards in unique circumstances where needed for attracting, retaining or motivating executive talent	All long-term incentives are subject to a clawback (See Clawback Policy on page 62 of this proxy statement)	Depends on award granted	Cash or Equity

We also provide certain other benefits for our NEOs, including, retirement benefits and deferred compensation plans. For additional information, please see Other Indirect Compensation on page 57 of this proxy statement.

Discussion of Compensation Actions

At the 2012 annual meeting of stockholders, our stockholders did not approve our advisory resolution on executive compensation. Accordingly, the committee, led by its chairman, devoted significant time during 2012 gathering feedback from our stockholders and analyzing the executive compensation program with the assistance of its new independent compensation consultant. This ultimately resulted in the committee adopting significant

changes to the executive compensation program described in detail below. The committee strives to maintain a balanced compensation program that effectively motivates and retains our executives. The compensation decisions made over the past year generally reflected the financial and operational results and objectives for the year, TSR as well as the feedback we received from our stockholders.

Response to the 2012 Say-on-Pay Vote

In the spring, before our 2012 annual meeting, the newly appointed committee chairman conducted a stockholder outreach campaign. During that campaign, the committee chairman and members of management contacted stockholders holding approximately 60% of our outstanding shares to seek their views on our executive compensation approach. We met with more than a majority of the stockholders contacted. Those discussions included topics such as CEO compensation, discretionary payments, compensation disclosure, annual and long-term incentive program, our peer group, talent management and succession planning.

Immediately after the 2012 annual meeting the committee began a search for a new independent compensation consultant. After interviewing several candidates, the committee engaged Pay Governance LLC (Pay Governance). The committee next conducted an extensive re-examination of our executive compensation program and practices in light of the stockholder feedback and advice

from Pay Governance. They conducted this evaluation through frequent meetings over several months with the compensation consultant. The committee chairman also conferred regularly with the Lead Director of the board. Based on this evaluation, the committee and the independent board members made significant changes to our executive compensation program to enhance the alignment of our executive compensation program with stockholder interests.

In the fall, after the committee and the board announced the changes to our executive compensation program, the committee chairman again conducted a stockholder outreach campaign initiating contact with holders of approximately 64% of our outstanding shares to explain the announced changes to our program and seek their feedback. The committee chairman, together with members of management, met with more than a majority of the stockholders whom they contacted. Stockholders responded favorably to the changes discussed at the meetings held in the fall. The committee chairman and members of management also held meetings with two prominent proxy advisory firms to seek

more detailed input. The committee chairman is committed to continuing his dialogue with our stockholders on executive compensation on a regular basis.

The following discussion highlights the actions taken by the committee and the independent board members in 2012 and 2013 to address the various concerns raised by our stockholders.

We aligned the CEO annual incentive target with market competitive data and enhanced the rigor of our annual incentive objectives

Taking into consideration stockholder feedback, the results of market research, the implementation of a new peer group, the outcome of the 2012 Say-on-Pay vote and advice from Pay Governance, the committee and the independent board members reviewed our annual incentive compensation plan and made several changes, including:

- Reduced the former CEO s 2012 annual incentive target from 165% of base salary to 130% of base salary with the former CEO s agreement;
- Maintained the annual incentive target at 130% of base salary for the new CEO;
- Increased the weighting of the financial objectives to at least 80% and reduced the weighting of the strategic objectives to no more than 20% for 2013;
- Reduced duplicative metrics across award types for 2013 by replacing the Adjusted EPS financial objective with an Adjusted earnings before interest and taxes (EBIT) objective; and
- Reduced the 2012 annual incentive award to reflect our disappointing TSR performance.

Based on our review of market practices and data, we believe that the reduction in the CEO annual incentive target better aligns to current market competitive data while still providing a competitive total cash compensation package. Mr. Lautenbach s total target cash compensation, including base salary and annual incentive, was 82% of the median of the Towers Watson Regressed Compensation Report.

In our discussions with stockholders, we learned that the weighting and duplication of certain objectives raised concerns regarding the rigor of our incentive targets. We believe that decreasing the weighting of strategic objectives to no more than 20% provides more focus on financial objectives where the rigor can be more easily assessed by stockholders, while maintaining an appropriate weight for strategic objectives aimed at providing management with the right incentives to focus on long term growth.

In addition to reducing duplication of financial metrics across award types by replacing the Adjusted EPS financial objective with Adjusted EBIT, the committee believes that an Adjusted EBIT metric will better link incentive compensation with short-term corporate performance. The committee believes that EBIT is a more appropriate measurement for annual incentive compensation because it measures current profitability and performance. The committee maintained the Adjusted Free Cash Flow objective due to the critical importance of this metric to our short and long-term financial position.

Additionally, because our one year TSR for 2012 was 36%, the committee and the independent board members took further action to reduce the annual incentive enterprise pool by an additional 11%, impacting the NEOs as well as all eligible employees.

We changed the type and mix of our long-term incentives and increased the performance-based component

We received feedback from stockholders that they wanted to see a greater performance-based component as part of the total long-term mix and conducted a review of our long-term incentive program. As a result, the committee established the following new structure for the long-term incentive awards for our senior executives:

- 60% Cash Incentive Units
- 40% Restricted Stock Units

By increasing the CIU component from 50% to 60%, a majority of the long-term incentive is now based on financial performance metrics, in addition to the IRC 162(m) threshold target. The goal of this change is to ensure that a substantial portion of our executive officers long-term incentive compensation is more closely linked to the achievement of financial performance objectives than the structure we used in 2012. In 2012, the committee had replaced stock options with market stock units (MSUs) in order to introduce an award that was directly tied to TSR and therefore company performance. The introduction of the MSUs met with

mixed stockholder acceptance, therefore, the committee eliminated MSUs from the long term incentive mix for 2013. Instead, RSUs will be 40% of the long-term incentive award. Management believes the RSUs are important for retaining the talent necessary to support our activities and strategic realignment.

Before 2012, the committee applied the TSR modifier to adjust the payout in each of the three years of a CIU cycle. Because the MSU award that we introduced in 2012 included an intrinsic TSR feature, we eliminated the TSR feature for the 2012 2014 CIU cycle. However, in light of stockholder feedback and the internal review of executive compensation practices, the committee re-introduced a cumulative three-year TSR modifier of +/ 25% into the CIU awards and retroactively reinstituted the cumulative three-year TSR modifier for the 2012 2014 CIU cycle. The TSR modifier adjusts the CIU payout by +/ 25% based on relative performance compared with the newly constituted peer group

over the cumulative three-year period. However, if our TSR is negative for the cumulative three-year period, there can be no positive application of the TSR modifier even if our TSR is less negative as compared to our new peer group. Finally, the committee also approved a maximum CIU payout that is two times target, including any impact from the TSR modifier.

We cancelled Mr. Martin s $2 million special KEIP award

Due to poor TSR performance compared to our peer group and taking into account the results of the 2012 Say-on-Pay vote, the independent board members cancelled Mr. Martin s $2 million KEIP award granted in February 2011, with Mr. Martin s agreement. This award would have otherwise vested in December 2013 subject to Pitney Bowes and Mr. Martin each achieving certain financial and succession planning objectives.

We revised our peer group

Previously our peer group was weighted towards companies with higher revenues and larger market capitalization, which caused concerns among our stockholders that our executive pay may have been benchmarked to an inappropriately high level. In the previous peer group, we were in the 30th percentile for revenue and 13th percentile for market capitalization in 2012. After reviewing the peer group, the committee eliminated six of the original sixteen companies in the previous peer group and added another four companies. In the new peer group, we are at the 50th percentile for revenue and 25th percentile for market capitalization as of December 31, 2012, better balancing company size and complexity of the business. The new peer group also eliminates our previous focus on industrial machinery comparators while increasing the weight of commercial printing and computer hardware peers. For a further discussion of the specific changes to our peer group, see Assessing Competitive Practice Benchmarking, beginning on page 59 of this proxy statement.

We enhanced disclosure on our Performance Targets

In this proxy statement, we are disclosing more detailed information about threshold and maximum targets for 2012 and have provided more detailed disclosure about the rationale for our pay decisions.

We eliminated the excise tax gross-ups

Effective October 8, 2012, the independent board members eliminated the excise tax gross-up following a change of control that was included in our executive severance plans.

We reaffirmed our strong corporate governance practices

In addition to the changes summarized above, we are maintaining our commitment toward compensation practices that represent strong corporate governance, as evidenced by the following:

- An independent compensation consultant who reports directly to the committee and performs no other services to the company;
- A direct line of communication between our stockholders and the board of directors;
- No employment agreements with our executive officers;
- No special arrangements whereby extra years of prior service are credited under our pension plans;
- No perquisites other than limited financial counseling and an executive physical benefit;
- A double-trigger vesting clause in the case of change-of-control arrangements;
- A clawback policy that permits the company to recover bonuses from senior executives whose fraud or misconduct resulted in a significant restatement of financial results;
- Prohibitions against pledging and hedging our stock;
- An annual risk assessment of our pay practices;
- Significant stock ownership guidelines that align executives interests with those of stockholders; and
- An annual stockholder advisory vote on executive compensation.

Other 2012 and 2013 Compensation Decisions

In addition to the structural changes we made to our executive compensation program after the 2012 Advisory Vote on Executive Compensation, we took the following compensation actions:

General Compensation Decisions

In February 2012, prior to the results of our 2012 Say-on-Pay vote and consistent with our usual time frame for making compensation decisions, the committee approved the executive compensation structure for 2012 and took the following actions:

- Conducted an in-depth review of the LTI design, considering several alternatives, and approved the following changes:
  - Eliminated stock options because the committee believed they no longer appropriately incentivized performance;
  - Introduced MSUs in an effort to increase the performance characteristics of its long-term incentive compensation, because they have an intrinsic TSR value;
  - Eliminated the TSR component of the 2010 2012 CIU award since it was included in the MSUs; and
  - Increased Mr. Martin s target LTI award by $500,000 to more closely align his total direct compensation with our then peer group.
- Approved the financial and strategic objectives for the 2012 annual incentive and CIU grants;
- Performed its annual review of the design and implementation of the KEIP and our 2007 Stock Plan and determined that the plans do not create risks that are reasonably likely to have a material adverse effect on the company.

Compensation for the New CEO

Effective December 3, 2012, the board elected Mr. Lautenbach as the new President and CEO. Before joining Pitney Bowes, Mr. Lautenbach had a highly successful career at International Business Machines Corporation leading businesses and customer segments. The compensation package of our new President and CEO reflects the enhanced performance-linked pay philosophy adopted by the board in 2012.

Mr. Lautenbach s total direct compensation package is 95% of the market median of total direct compensation when compared to our new peer group and 101% of the median of the Towers Watson Regressed Compensation Report:

Pitney Bowes CEO	Average of CEOs in Peer Group	Average of CEOs in Towers Watson Regressed Compensation Report

Annual Base Salary: $850,000

Annual incentive award target:
130% of base salary and a maximum of 225% of base salary for 2013

Long-Term Incentives:
Composed of 60% CIUs and 40% RSUs with a target value of $4,000,000

Mr. Lautenbach also received:

- Sign-on performance equity grant in December 2012: A grant of premium-priced stock options upon the commencement of employment as follows:
  - 100,000 options with an exercise price equal to 115% of the closing price of our common stock on December 3, 2012, Mr. Lautenbach s first day of employment (Start Date).
  - 200,000 options with an exercise price equal to 130% of the closing price on the Start Date.
  - 300,000 options with an exercise price equal to 145% of the closing price on the Start Date.
- An additional sign-on grant of 400,000 premium-priced stock options in February 2013 with an exercise price equal to 160% of the closing price on February 11, 2013.

The option awards will vest in four equal annual installments beginning on the first anniversary of the Start Date and ending on the fourth anniversary of the Start Date.

Compensation Payout Overview

Overview

As discussed under Discussion of Compensation Actions beginning on page 49 of this proxy statement, the committee and the independent board members approved extensive changes to our executive compensation program. We could not reflect all these changes in the 2012 compensation payouts discussed below, because the 2012 compensation program was approved in February 2012, prior to the results of our 2012 Say-on-Pay vote and our subsequent adjustments to the compensation program. Where possible, however, the committee made retroactive adjustments and also exercised negative discretion on the final payment of the annual incentive and cash incentive units to better align with our performance and TSR.

We link executive compensation to the performance of the company as a whole. We believe executives with higher levels of responsibility and a greater ability to influence enterprise results should have a greater percentage of variable total compensation. Compensation for our NEOs varies from year to year based on company stock performance as well as an assessment of the success of the NEO in achieving enterprise-wide objectives. This means that our executives may be paid below or above market rates depending on enterprise-wide performance. We emphasize enterprise-wide performance to break down any internal barriers that can arise in organizations that emphasize individual performance. At the same time, the executive compensation committee does factor in individual performance in determining the executive s overall compensation.

Base Salary

In February 2012, we approved merit increases to base salaries for the broad-based employee population. Similarly, the committee and the independent directors approved merit increases for the NEOs and the CEO, respectively, and set 2012 target compensation. The committee and the board approved increases effective March 2012 between 1.75% and 3% for NEOs, except for Mr. O Hara who received a 22% increase in his base salary to more closely align it to market competitive com-

pensation following his promotion to President, Pitney Bowes Software.

In February 2013, we determined that due to the 2012 business results no merit increases will be applied to base salaries for the broad-based employee population. Similarly, the committee and the independent directors froze base salaries for the NEOs and the CEO, respectively.

Annual Incentives

NEOs are eligible for annual incentives under the KEIP for achieving challenging enterprise-wide financial and strategic objectives established at the beginning of each

year. Individual performance ratings can, in certain circumstances, modify the final payout for the annual incentive.

2012 Annual Incentive Objectives and Metrics

The 2012 financial objectives, which were weighted at 70% at target, are shown in the chart below. The chart also shows the threshold, target, and maximum ranges.

Financial Objectives	Weighting	Threshold	Target	Maximum
Adjusted Earnings Per Share[1]	28%	$1.72	$2.15	$2.58
Revenue Growth[1]	21%	3.5%	0%	2.0%
Adjusted Free Cash Flow[1]	21%	$684 million	$760 million	$836 million

[1] Adjusted EPS, Revenue Growth and Adjusted Free Cash Flow are non-GAAP measures. For a reconciliation and additional information, please see Accounting Items and Reconciliation of GAAP to Non-GAAP Measures on page 65 of this proxy statement.

COMPENSATION DISCUSSION AND ANALYSIS

We believe that each of the financial objective metrics is an important measurement of our performance and thus particularly appropriate metrics upon which to base annual incentive awards. Adjusted EPS is an appropriate measure of our profitability because it excludes the impact of certain special items, both positive and negative. While these special items are actual income or expenses, they could mask the underlying trend or performance within a business. Revenue growth is an appropriate measure because it indicates whether our business is expanding. Adjusted Free Cash Flow is an appropriate measure of the company s ability to pursue discretionary opportunities that enhance stockholder value.

While we believe the 2012 metrics are important measures of our financial health, our stockholders expressed concern regarding our use of the EPS metric in multiple awards. In response to those concerns, we replaced the EPS metric with an EBIT metric for the 2013 annual incentive program. We believe that EBIT is a stronger measure for annual incentive compensation because it more directly reflects current profitability and performance.

We set the targets for the financial objectives at the midpoint of our guidance provided to stockholders and the financial community at the beginning of 2012. Any subsequent revisions to guidance during the year did not affect the targets set. The threshold and maximum ranges are approximately 10% to 20% above and below the target based on market best practices. We believe the 2012 financial objectives were set at aggressive yet achievable levels in light of the prolonged global economic uncertainty, the continued decline in postal volumes, and the impact both have on our business and the markets in which we operate.

The 2012 strategic objectives were weighted at 30% of target and were:

- Demonstrate progress on meaningful growth in the enterprise group, consisting of two equally weighted elements:
  - achieving targeted revenue growth of 1.5% for the enterprise group; and
  - achieving specific foundational milestones relating to certain enterprise-wide clients, Volly and re-branding in order to implement our strategic direction for the future.
- Improve the core business by focusing on improving the meter population net loss rate over the prior year.

The committee designed the 2012 strategic performance objectives to encourage management to focus on the future development and growth of the enterprise group while sustaining the core mail business. As we reposition for future growth, it is important to maintain the strength of those parts of our business which contribute significantly to our strong cash flow.

The committee reviewed these strategic objectives to ensure that they had a high degree of difficulty for achievement. The specific targets within these objectives are highly confidential and not reported publicly because such disclosure would provide competitors insight into our internal planning processes and would result in meaningful competitive harm.

Funding of the 2012 Annual Incentive Pool and Actual Payout

The annual incentive is only paid if the company achieves its IRC 162(m) threshold target of an income from continuing operations of $383,665,000, excluding certain special events (See Treatment of Special Events beginning page 65 of this proxy statement.) This target is used specifically to meet the IRC 162(m) requirements, and is intended to ensure tax deductibility of compensation paid. Actual 2012 income from continuing operations, excluding all special events, was $435,277,000.
The chart below shows actual results as compared to target.

Objectives	Target Weighting	Actual Result	Actual Payout as a % of Target

Financial Objectives:			
Adjusted Earnings Per Share[1]	28%	$2.16	30%
Revenue Growth[1]	21%	(3.4%)	11%
Adjusted Free Cash Flow[1]	21%	$767	23%
Strategic Objectives:			
Demonstrate progress on growth in the enterprise segment	15%	Did not meet threshold	0%
Improve the core business	15%	Exceeded threshold	11%
Subtotal	100%	n/a	75%
Negative Discretion	n/a	n/a	(11%)
Total	100%	n/a	64%

[1] Adjusted EPS, Revenue Growth and Adjusted Free Cash Flow are non-GAAP measures. For a reconciliation and additional information on the adjustments, please see Accounting Items and Reconciliation of GAAP to Non-GAAP Measures beginning on page 65 of this proxy statement.

The committee and independent board members may modify the resulting payout factor by between 0 and 15% based on the achievement of pre-determined customer and employee objectives, TSR and the quality of our earnings. The committee compared the 2012 actual performance to the pre-determined targets and did not apply any modifier.

Even though the performance against the financial and strategic objectives would have supported a payout of 75% of target for the incentive pool, the committee approved a 2012 incentive pool of 64%, after utilizing

negative discretion due to our overall performance in 2012. The resulting payout factor was 35% less than the payment factor for 2011 performance.

Based on the above analysis, and taking into account Mr. Martin s recommendations as CEO for most of 2012, Mr. Lautenbach made specific recommendations to the committee for Mr. Lautenbach s direct reports. The committee considered those recommendations and the actual performance against objectives as shown and applied negative discretion, resulting in the annual incentive awards to our NEOs as follows:

Executive	Target Award	Payout	Payout Percent to Target
Michael Monahan	$ 462,720	$296,141	64%
Leslie Abi-Karam	$ 444,320	$284,365	64%
Vicki A. O Meara	$ 419,200	$268,288	64%
John E. O Hara	$ 270,000	$172,800	64%
Murray D. Martin	$1,300,000	$832,000	64%

Mr. Lautenbach did not receive an annual incentive payout for 2012.

Long-term Incentives

Long-term incentives link the NEOs long-term rewards to our long-term financial performance and our stock price performance. We also pay long-term incentives in order to be competitive in the markets in which we operate and in order to attract and retain high-performing executives. The vesting of long-term incentive awards are generally subject to achieving an initial financial threshold target under IRC 162(m).

Cash Incentive Units (CIUs)

CIUs are long term cash awards granted annually with three year performance and vesting cycles. At any given time there are three cycles outstanding. NEOs are awarded CIUs with payouts based on achieving challenging enterprise-wide financial objectives established at the beginning of each individual year of the three-year cycle. If the threshold level of performance is not met for a calendar year for both of these goals, one-third of the award value will be forfeited.

CIU Objective and Metrics

The 2010 2012 financial objectives, each weighted at 50%, were as follows:

2010 2012 LTI Adjusted Earnings Per Share[1]	Threshold	Target	Maximum
2010	$1.92	$2.40	$2.45
2011	$1.78	$2.23	$2.27
2012	$1.72	$2.15	$2.19

2010 2012 LTI Adjusted Free Cash Flow[1]	Threshold	Target	Maximum
2010	$536	$670	$683
2011	$729	$819	$850
2012	$684	$760	$790

(1) Adjusted EPS and Adjusted Free Cash Flow are non-GAAP measures. For a reconciliation and additional information on the adjustments, please see Accounting Items and Reconciliation of GAAP to Non-GAAP Measures beginning on page 65 of this proxy statement.

The Committee believes that adjusted EPS and Adjusted FCF are important indicators of our long-term viability and performance and thus appropriate metrics upon which to base long-term incentive awards. Adjusted EPS is a good measure of long-term profitability; and a strong

Adjusted FCF provides us with the resources we need to reposition and pursue new growth opportunities.

The committee generally sets the financial targets at the midpoint of the guidance we provide to stockholders and

the financial community at the beginning of each year. Subsequent revisions of guidance during the course of the year do not affect the targets set at the beginning of a year. The committee believes it set the 2012 objectives at aggressive yet achievable levels in light of the prolonged global economic uncertainty, the continued decline in postal volumes, and the impact both have on our business and the markets in which we operate.

2012 Funding of the Cash Incentive Unit Pool and Actual Payout

For the 2010 2012 CIU cycle, the unit value at target is $1.00. The CIU value range is between $0 and $1.80 based upon the achievement of the pre-determined financial objectives described above, each weighted at
50%. The committee modifies the resulting unit value by up to +/ 25% based on our TSR as compared to the TSR of companies within the S&P 500 (TSR modifier), therefore linking payout to our relative TSR.

For the 2010 2012 CIU Cycle, the IRC 162 (m) threshold was achieving an average annual income from continuing operations over the cycle of $331,379,000, excluding certain special events (see Treatment of Special Events beginning on page 65). Adjusted average annual income from continuing operations for the 2010 2012 CIU Cycle exceeded the threshold and was $481,418,000.

The chart below shows actual results as compared to target before and after applying the TSR modifier for the 2010 2012 cycle.

Objectives	Actual Result	Metric Payout Value	TSR Modifier	Final Payout Value
2010 2012 LTI Adjusted Earnings Per Share[1]				
2010	$2.23	$0.12	(10%)	$0.11
2011	$2.70	$0.30	(25%)	$0.23
2012	$2.16	$0.20	(25%)	$0.15
2010 2012 LTI Adjusted Free Cash Flow[1]				
2010	$951	$0.30	(10%)	$0.27
2011	$994	$0.30	(25%)	$0.23
2012	$767	$0.20	(25%)	$0.15
Subtotal		$1.42		$1.14
Negative Discretion				($0.40)
Total				$0.74

(1) Adjusted EPS and Adjusted Free Cash Flow are non-GAAP measures. For a reconciliation and additional information on the adjustments, please see Accounting Items and Reconciliation of GAAP to Non-GAAP Measures beginning on page 65 of this proxy statement.

The TSR modifier in aggregate decreased the CIU pay-out level for the 2010 2012 cycle by 20%.

Even though the pre-determined financial objectives would have supported a payout of $1.14 per unit after applying the TSR modifier for the 2010 2012 CIU award cycle, the committee approved a final payout of $0.74 per unit, after applying negative discretion based on our overall 2012 performance. This resulted in decreasing the CIU payout for the 2010 2012 award cycle by 35%. The CIU payout in February 2013 was 31% less than the payout in February 2012.

Performance-Based Restricted Stock Units

An annual grant of performance-based RSUs is made during the first quarter of the year, typically after our fourth quarter earnings release has been widely disseminated.

For the 2012 awards, the IRC 162(m) threshold was 2012 income from continuing operations equaling or exceeding $383,665,000, excluding certain special

events (see Treatment of Special Events beginning on page 65). The actual 2012 income from continuing operations exceeded the target and was $435,277,000. Therefore, the 2012 award will vest in four equal installments commencing on the first anniversary of the grant date if the executive is still employed on the vesting date. If the initial threshold had not been achieved, the performance-based RSUs granted in 2012 would have been forfeited.

Performance-Based Market Stock Units

Performance-based MSUs were granted to executive officers, including NEOs in February 2012 for the first time and, given changes made later in 2012, the only time. The number of MSUs that can vest is capped at 200% of the number of MSUs granted. A minimum number of shares, 50% of the award, will vest at the end of the three-year performance period.

Because the 162 (m) threshold target was achieved, the 2012 award will vest on the third anniversary of the grant

date. The number of performance-based MSUs that will vest at that time is contingent on our TSR over the vesting period and the executives continued employment until the vesting date. The vesting percentage is determined by multiplying the number of units by a fraction, the numerator of which is the Pitney Bowes ending stock price[1] plus cumulative dividends paid on outstanding company stock during the vesting period, and the denominator of which is the Pitney Bowes beginning stock price.[2]

Periodic Off-Cycle Long-Term Awards

In special circumstances, the committee, or in the case of the CEO, the independent board members, may determine that it is appropriate to make additional long-term award grants to executives during the course of the year. Effective December 3, 2012, the independent board

members awarded a one-time grant of premium-priced stock options in connection with the commencement of Mr. Lautenbach s employment. Please see Compensation for the New CEO beginning on page 52 of this proxy statement.

In April 2012, the committee granted a performance RSU award with a three year cliff vesting feature under the 2007 Stock Plan to Mr. O Hara valued at $450,000 designed to situate Mr. O Hara s compensation more competitively against those with similar responsibilities in other companies.

1 Pitney Bowes ending stock price is the average of the closing price of company stock for the 20 trading days ending on the last day of the month prior to the vesting date.

2 Pitney Bowes beginning stock price is the average of the closing prices of company stock for the 20 trading days ending with the grant day.

Other Indirect Compensation

Retirement Compensation

Retirement Benefits include:

- Qualified and nonqualified restoration pension plans for employees hired prior to January 1, 2005.
- Qualified and nonqualified restoration 401(k) plans with company matching contributions up to 4% of eligible compensation and 2% company core contribution for those not eligible for the pension plan.

Nonqualified restoration plans (pension and 401(k)) are based on the same formulas as are used under the qualified plans and make up for benefits that otherwise would be unavailable due to limitations set forth under the Internal Revenue Code of 1986, as amended (the Code). Restoration plans are available to employees including the NEOs.

Nonqualified plans are unfunded obligations of the company subject to claims by our creditors. The 401(k) restoration plan is:

- adjusted on the basis of notional investment returns of publicly-available mutual fund investments; and
- do not receive any above-market earnings.

The pension restoration plan applies the same standard actuarial rules as are applied under the qualified pension plan.

In January 2013, the board of directors approved, effective April 1, 2013, the freezing of all future pension plan benefit accruals for employees with fewer than 16 years of benefit accrual service as of March 31, 2013. Employees with 16 or more years of benefit accrual service on March 31, 2013 will continue to accrue pension benefits through December 31, 2014, after which date no further benefits will accrue under the pension plan. Similar

actions were adopted with respect to the Pension Restoration Plan. At the same time, the board of directors approved, effective April 1, 2013, the eligibility of those employees who will no longer accrue benefits under the pension plan to participate in the 2% employer core contribution to the 401(k) plan. The 2% employer core contribution has been in effect since 2005 when the pension plan was closed to employees hired after December 31, 2004.

For additional information, please see the narrative accompanying the Pension Benefits as of December 31, 2012 table on page 77 and the narrative accompanying the Nonqualified Deferred Compensation for 2012 table on pages 78 and 79 of this proxy statement.

Other Benefits

Other benefits include:

- Nonqualified Deferred Incentive Savings Plan:
  - Provides a savings vehicle in a tax efficient manner
  - Provides the ability to voluntarily defer payouts of annual cash incentives, CIUs and base pay into a nonqualified deferred compensation plan
- Limited additional benefits, including, financial counseling to assist with compliance of regulations and to provide guidance in managing complex investment, tax, legal and estate matters; up to a maximum of $7,500 per year
- Relocation assistance for executives asked to move to a new work location; facilitates the placement of the right person in the job and aids in developing talent
- Executive physical
- Spousal travel

Process for Determining Named Executive Officer Compensation

Committee

The committee is responsible for reviewing the performance of and approving compensation awarded to our executives, other than the CEO. The independent board members, with the input of the committee, annually set the CEO s individual target compensation, review his performance and determine his compensation payout in the context of the established objectives, the actual

performance against those objectives and the TSR. In addition, the committee may exercise negative discretion in its sole determination. The committee works closely with its independent consultant, Pay Governance, and management to examine various pay and performance matters throughout the year.

Independent Compensation Consultant

From January through May 2012 Frederic W. Cook & Co. (FWC) served as the committee s compensation consultant. In June 2012 the committee terminated the services of FWC and engaged Pay Governance as its independent compensation consultant. The committee decided to retain a new consultant after the 2012 Say-on-Pay vote and after listening to stockholders feedback on our compensation programs because it believed it needed a fresh look at the entire program. The committee selected Pay Governance after a search process that included interviewing several firms. The committee found Pay Governance s analysis and presentation during the interview process to be the most forthright and compelling. Additionally Pay Governance had a proven track record of aiding companies to revamp their executive compensation program after a failed Say-on-Pay vote.

The committee considers advice and information from its independent compensation consultant in determining the compensation for the CEO and the other NEOs. The consultant advises on a range of matters, including peer

group composition and plan design. The consultant regularly attends the committee meetings. Neither consultant performed other services for us or the board of directors. We incurred $109,378 in fees from FWC and $134,411 from Pay Governance for services performed for the committee during 2012. The committee considered the following six factors and determined there was no conflict in the engagement of Pay Governance: i) the provision of other services to us by Pay Governance; (ii) the amount of fees received from us by Pay Governance, as a percentage of the total revenue of Pay Governance; (iii) the policies and procedures of Pay Governance that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the Pay Governance consultant with a member of the committee; (v) any of our stock owned by the Pay Governance consultants; and (vi) any business or personal relationship of the Pay Governance consultant or Pay Governance with any of our executive officers. The committee has the sole authority to hire and terminate its consultant.

Determining Compensation The Decision Process

At the beginning of each year our CEO, on behalf of senior management, recommends to the committee financial and strategic objectives for the incentive plans based on our financial and strategic objectives set by the board of directors. The committee and the independent directors review the recommendations of management particularly with respect to the appropriateness and rigor of the objectives and approve the final annual and long term objectives.

Our CEO and Executive Vice President and Chief Human Resources Officer recommend compensation target levels for total direct compensation as well as the annual and long-term incentive compensation for executive officers, including the NEOs, other than the CEO. The committee reviews management s recommendations and determines the appropriate financial and strategic objectives, base salary and the target levels of annual and long-term incentive compensation. The committee also recommends for approval by the independent board members the CEO s base salary and annual and long-term incentive target levels. Generally at this time the committee also approves any changes to the compensation program for the coming year.

At the end of each year, each NEO completes a written self-assessment of his or her performance against his or her objectives. The CEO evaluates the performance of his executive officer direct reports and recommends individual ratings for each NEO other than himself. These ratings are considered by the committee in determining annual merit base salary increases. Based on these ratings, the CEO also recommends incentive compensation actions other than for himself to the committee. The committee recommends to the independent board members an individual rating for the CEO. The committee reviews the financial and strategic accomplishments of the company for the preceding year as well as the individual ratings and determines actual base salary increases as well as the annual and long-term incentive compensation for the NEOs and recommends for approval by the independent board members the CEO s compensation. The actual payout levels for annual incentive compensation are based upon the

company s performance against the predetermined financial and strategic objectives and other criteria, as discussed in further detail under Annual Incentives beginning on page 53. For long-term incentive compensation, the recommendation to the committee for payout levels is based on pre-determined financial objectives and a TSR modifier, as discussed in further detail under Long-term Incentives beginning on page 55 of this proxy statement.

To assist in this process, the committee also reviews tally sheets the Human Resources department prepares to evaluate the individual components and the total mix of compensation. The tally sheets show the dollar amount of each of the components of each executive officer s compensation, summarizing the total compensation opportunity, including the executive s fixed and variable compensation, perquisites and potential payments upon termination or change of control. In addition, the tally sheets include a summary of historical compensation. These tally sheets aid the committee in analyzing the individual compensation components as well as the compensation mix and weighting of the components within the total compensation package.

To ensure that each NEO s compensation package is competitive with the marketplace, the committee, and with respect to the CEO, the independent board members, also reviews each executive s total direct compensation against market data during the benchmarking process as more fully described in Assessing Competitive Practice Benchmarking below. Based on the structure of our current management team, the committee and the board strive to ensure that the relationship between the compensation paid to the CEO and the second highest paid NEO are within acceptable market norms, subject to considerations such as performance, the market median compensation of the respective positions, contributions to the company and experience that may lead to deviations from market relationships. However, since we have no Chief Operating Officer, or COO, the difference between the CEO s compensation and that of our next most highly paid officer, currently our CFO, will likely be a bit larger than for companies that do have a COO.

Assessing Competitive Practice Benchmarking

To ensure that Pitney Bowes executive compensation is competitive in the marketplace, the committee annually compares each executive s total direct compensation (base salary, annual incentive and long-term incentives) against two independent reports, with a view towards determining the optimal mix and level of compensation. To achieve this, we use two sources of compensation information. We use the Towers Watson Regressed Compensation Report to determine the compensation targets annually and

then we review the targets and actual payouts against publically available data from our peer group to evaluate ongoing compensation opportunity and competitiveness.

The committee establishes the target total direct compensation structure based on the Towers Watson

Regressed Compensation Report. Compensation targets are set based on the assumption that specific incentive award performance objectives are achieved at their target level. Beginning this year, the committee regressed the data from this report for corporate revenue of approximately $5.3 billion (instead of following our previous practice of comparing compensation against a group with revenues of $6 $10 billion) for corporate leaders and actual regressed revenue for business unit leaders. The committee believes that this new regressed revenue scope more accurately reflects market competitiveness against outside companies that are within the company s revenue range. The report is comprised of companies in all industry areas other than those in the financial and energy sector. However, the

exact number of companies included in the data for each executive position may vary depending on the structure of the applicable company and whether the company submitted the relevant data. The report is a sub-section of the 2012 US CDB General Industry Executive Database report from Towers Watson. The complete report can be purchased from Towers Watson.

This market data provides important reference points for the committee but is not the sole basis for determining appropriate compensation design, compensation targets, or individual pay levels. Use of comparative industry data and outside surveys only serve to indicate to the committee whether those decisions are in-line with industry in general and our peer group in particular. The committee believes that the comparative industry data used from Towers Watson and the new peer group are consistent with our compensation philosophy. In addition, compensation targets and individual pay levels may vary from the median for various reasons, including:

- the value of the total rewards package;
- program design and strategic considerations;
- affordability;
- changing competitive conditions;
- program transition considerations;
- the definition and scope of the executive s role;
- the executive s individual contributions to the company; or
- succession or retention considerations.

For each NEO, the committee targets total direct compensation levels that strive to ensure that generally the base salary, target total cash compensation and target total direct compensation is at +/ 20% of the median of the data presented by the Towers Watson Regressed Compensation Report for each executive s position. The committee believes that by comparing our compensation data against the mid-point or median, we are measuring against the most stable central tendency of the companies included in the survey. Based on this review, the committee determined that the Pitney Bowes total direct compensation package approximates the median of the data from the Towers Watson Regressed Compensation Report. In addition, to supplement the Towers Watson information, the committee asked Pay Governance to provide an analysis on compensation trends along with its views on specific compensation program design. The committee and the board also consider the burn rate with respect to the equity awards when deciding how much of the total direct compensation package should be composed on equity-based awards. The burn rate is the total equity awards we granted in a fiscal year divided by the total common stock outstanding at the beginning of the year. Our three-year average burn rate of 1.09% for the time period from 2010 to 2012 is below the median run-rate of 1.55% for S&P 1500 companies in FY2011 (source: Equilar 2012 Equity Trends Report).

We do not have a single completely overlapping competitor due to the unique mix of our business. Nevertheless, the committee annually reviews our relative performance, compensation targets and actual payouts

against the relative performance and compensation of the peer group listed below. In 2012, the committee changed the composition of the peer group. Pay Governance and the committee designed our peer group so the committee could analyze compensation packages, including compensation mix and other benefits, within the competitive market to attract and retain the talent and skill required to lead a business of complexity and size similar to ours. This peer group consists of services, industrial and technology companies. When evaluating the appropriateness of the peer group, the committee considered factors such as revenue, net income, market capitalization, number of employees, and complexity of the business to ensure a reasonable balance in terms of company size and an adequate number of peers. The new peer group consists of companies with revenues between $2 billion and $22 billion, and market capitalization between $1 billion and $14 billion.

Previously our peer group was weighted towards companies with higher revenues and larger market capitalization than ours. Stockholders told us that they were concerned that our executive pay may have been compared with the wrong benchmark. In the previous peer group, we were at the 30th percentile for revenue and 13th percentile for market capitalization in 2012. After reevaluating the previous peer group, the committee eliminated six of the sixteen companies from our previous peer group and added another four companies. With these changes our company is at the 50th percentile for revenue and 25th percentile for market capitalization within the new peer group as of December 31, 2012. The new peer group also eliminates our previous focus on industrial machinery comparators while increasing the weight of commercial printing and computer hardware peers. The committee decided to continue to include Xerox in our peer group despite the revenue size difference because the committee considers them our closest direct peer given its business portfolio compared to ours and it also is undergoing a similar transformation in its core business. The committee eliminated the following companies from the peer group:

- Cognizant Technology Solutions
- ITT
- ADP
- Computer Sciences
- Ingersoll Rand
- Seagate

Cognizant Technology Solutions and ITT have been eliminated because, due to changes to their businesses and ours, their business operations are no longer a strong fit compared to ours from an industry perspective. ADP, Computer Sciences, Ingersoll Rand and Seagate were all eliminated because their revenue is twice that of ours.

The committee added the following companies:

- Avery Dennison
- Iron Mountain
- Unisys
- Diebold

We added Avery Dennison, Diebold, Iron Mountain, and Unisys Corp. to provide greater industry focus and relevant size characteristics to the group. Additionally Avery Dennison represents a close industry match for us with a similar revenue size. Iron Mountain is a good fit from a

business content perspective. The inclusion of Unisys including their trailing twelve month revenues and market capitalization compared to ours recognizes our anticipated growth in the software solutions segment.

New Peer Group

Company Name	Fiscal 2012 Revenue ($ millions)	12/31/2012 Market Capitalization ($ millions)	Total Stockholder Return		
			1-Year	3-Year	5-Year
Agilent Technologies Inc.	6,858	14,244	18%	10%	2%
Alliance Data Systems Corporation	3,641	7,217	39%	31%	14%
Avery Dennison Corporation	6,036	3,478	26%	2%	-5%
Diebold, Incorporated	2,992	1,935	5%	6%	5%
DST Systems Inc.	2,577	2,733	35%	13%	-5%
Fiserv, Inc.	4,482	10,548	35%	18%	7%
Harris Corporation	5,451	5,560	40%	4%	-2%
Iron Mountain Inc.	3,005	5,886	17%	18%	0%
Lexmark International Inc.	3,798	1,498	-27%	-2%	-7%
NCR Corp.	5,730	4,074	55%	32%	0%
R.R. Donnelley & Sons Company	10,222	1,621	-32%	-21%	-20%
Rockwell Automation Inc.	6,259	11,731	17%	24%	7%
Unisys Corporation	3,706	761	-12%	-23%	-18%
Xerox Corporation	22,390	8,618	-12%	-5%	-14%
25th Percentile	3,658	2,135	-8%	-1%	-6%
Median	4,967	4,817	18%	8%	-1%
75th Percentile	6,203	8,268	35%	18%	4%
Pitney Bowes Inc.	$ 4,904	$ 2,136	-36%	-16%	-17%
PBI Percent Rank	50%	25%	Lowest	10%	10%

Source: Capital I.Q.

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Previous Peer Group

Company Name	Fiscal 2012 Revenue ($ millions)	12/31/2012 Market Capitalization ($ millions)	Total Stockholder Return		
			1-Year	3-Year	5-Year
Agilent Technologies Inc.	6,858	14,244	18%	10%	2%
Alliance Data Systems Corporation	3,641	7,217	39%	31%	14%
Automatic Data Processing, Inc.	10,172	27,638	9%	13%	8%
Cognizant Technology Solutions Corporation	7,346	22,179	15%	18%	17%
Computer Sciences Corporation	15,877	6,223	73%	-10%	-3%
DST Systems Inc.	2,577	2,733	35%	13%	-5%
Fiserv, Inc.	4,482	10,548	35%	18%	7%
Harris Corporation	5,451	5,560	40%	4%	-2%