

PITNEY BOWES INC /DE/
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March 27, 2008
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A

SCHEDULE 14A INFORMATION

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

Exchange Act of 1934 (Admendment No.)

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Pitney Bowes Inc.

(Name of Registrant as Specified In Its Charter)

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Notice of the 2008 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 2008 annual meeting of stockholders at 9:00 a.m. on Monday, May 12, 2008 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.

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

We look forward to seeing you at the meeting.

Michael J. Critelli
Executive Chairman

Stamford, Connecticut
March 27, 2008

Notice of Meeting:

The annual meeting of stockholders of Pitney Bowes Inc. will be held on May 12, 2008, at 9:00 a.m. at the company's World Headquarters, 1 Elmcroft Road, Stamford, Connecticut. 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 12, 2008:

Pitney Bowes' 2008 Proxy Statement and Annual Report to Stockholders, including the Annual Report on Form 10-K for the year ended December 31, 2007, are available at www.edocumentview.com/pbi.

The items of business at the annual meeting are:

1. Election of five directors.
 2. Ratification of the Audit Committee's selection of the independent registered public accounting firm for 2008.
 3. Such other matters as may properly come before the meeting, including any continuation of the meeting caused by any adjournment, or any postponement of the meeting.
- March 18, 2008 is the record date for the meeting.

This proxy statement and accompanying proxy card are first being distributed on or about March 27, 2008.

Amy C. Corn
Corporate Secretary

TABLE OF CONTENTS

	Page
Proxy Statement	
The Annual Meeting and Voting	5
Annual Meeting Admission	5
Who is entitled to vote?	5
How do I vote?	5
May I change my vote?	5
What constitutes a quorum?	5
What is the effect of broker non-votes and abstentions?	5
How do Dividend Reinvestment Plan participants or employees with shares in the 401(k) plan vote by proxy?	6
Who will count the votes?	6
Multiple Copies of Annual Report to Stockholders	6
Electronic Delivery of Annual Report and Proxy Statement	6
Stockholder Proposals and Other Business for the 2009 Annual Meeting	6
Corporate Governance	7
Board of Directors	7
Board Committees	8
<i>Audit Committee</i>	8
<i>Corporate Responsibility Committee</i>	9
<i>E-Commerce and Technology Committee</i>	9
<i>Executive Committee</i>	9
<i>Executive Compensation Committee</i>	9
<i>Finance Committee</i>	9
<i>Governance Committee</i>	9
Directors' Compensation	10
<i>Role of Governance Committee in Determining Director Compensation</i>	10
<i>Directors' Fees</i>	10
<i>Directors' Stock Plan</i>	10
<i>Directors' Deferred Incentive Savings Plan</i>	11
<i>Directors' Retirement Plan</i>	11
<i>Director Compensation for 2007 Table</i>	11
Certain Relationships and Related-Person Transactions	12
	6

Compensation Committee Interlocks and Insider Participation	12
Security Ownership of Directors and Executive Officers Table	13
Beneficial Ownership	13
Section 16(a) Beneficial Ownership Reporting Compliance	14
Proposal 1: Election of Directors	14
Nominees for Election to Terms Expiring in 2011	15
Incumbent Directors Whose Terms Expire in 2010	16
Incumbent Directors Whose Terms Expire in 2009	17

	Page
Report of the Audit Committee	18
Proposal 2: Ratification of Independent Registered Public Accounting Firm for 2008	18
Principal Accountant Fees and Services	18
Report of the Executive Compensation Committee	19
Compensation Discussion and Analysis	19
Executive Compensation Tables and Related Narrative	31
Additional Information	53
Solicitation of Proxies	53
Other Matters	53
Annex I □ Governance Principles of the Board of Directors of Pitney Bowes Inc.	i-1
Directions to Pitney Bowes	back cover

Proxy Statement

The Annual Meeting and Voting

Our board of directors is soliciting proxies to be used at the annual meeting of stockholders to be held on May 12, 2008, 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. This proxy statement and accompanying proxy card are first being distributed on or about March 27, 2008.

Annual Meeting Admission

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

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

Who is entitled to vote?

Record stockholders of Pitney Bowes common stock and \$2.12 convertible preference stock at the close of business on March 18, 2008 (the record date) can vote at the meeting. As of the record date, 209,791,380 shares of Pitney Bowes common stock and 36,469 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: (1) You may grant your proxy on-line via the Internet by accessing the following website and following the instructions provided: www.envisionreports.com/pbj; (2) You may grant your proxy by telephone (1-800-652-VOTE); or (3) You may grant your proxy by completing and mailing the enclosed proxy card. Alternatively, you may attend the meeting and vote in person.

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

May I change my vote?

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

What constitutes a quorum?

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

What is the effect of broker non-votes and abstentions?

Under New York Stock Exchange rules, if your broker holds your shares in its "street" name, the broker may vote your shares on both proposals 1 and 2 if it does not receive instructions from you.

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

Proposal 1:

Broker non-votes would not be votes cast and therefore would not be counted either for or against. As a result, broker non-votes would have no effect. If you elect to abstain in the election of directors, the abstention will have no impact.

Proposal 2:

Broker non-votes would not be votes cast and therefore would not be counted either for or against. As a result, broker non-votes would have no effect. Abstentions in the ratification of the Audit Committee's selection of the independent registered public accounting firm for 2008 have the same effect as votes against.

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

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

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

Who will count the votes?

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

Multiple Copies of Annual Report to Stockholders

Our 2007 annual report has been mailed to stockholders together with this proxy statement. **It will save the company money, and therefore benefit all stockholders, to eliminate distribution of unnecessary duplicate copies of the annual report. To print and distribute one annual report costs the company approximately \$4.00.**

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

At least one account per household must continue to receive the annual report, unless you elect to view future annual reports over the Internet. Mailing of dividends, stockholder investment statements and proxy materials will not be affected by your election to discontinue future duplicate mailings of the annual report. To discontinue or resume the mailing of an annual report to an account, or to consolidate your multiple accounts, call our transfer agent, Computershare, at the special Pitney Bowes toll-free number, 1-800-648-8170, visit their website at www.computershare.com, or contact them by mail at 250 Royall Street, Canton, MA 02021. If you own shares of stock through a bank, broker or other nominee and receive more than one Pitney Bowes annual report, please contact that entity to eliminate duplicate mailings.

Electronic Delivery of Annual Report and Proxy Statement

This proxy statement and our 2007 annual report may be viewed online at www.edocumentview.com/pbi. If you are a stockholder of record, you can elect to receive future annual reports and proxy statements electronically by marking the appropriate box on your proxy card or by following the instructions provided if you grant your proxy by Internet or by telephone. If you choose this option, you will receive an e-mail for future meetings listing the website

locations 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 or another holder of record, refer to the information provided by that entity for instructions on how to elect this option.

Stockholder Proposals and Other Business for the 2009 Annual Meeting

If a stockholder wants to submit a proposal for inclusion in the company's proxy material for the 2009 annual meeting, which is scheduled to be held on Monday, May 11, 2009, it must be received by the corporate secretary by November 28, 2008. 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, 2009. There are other procedural requirements in the By-laws pertaining to stockholder proposals and director nominations. The By-laws are posted on the company's website at www.pb.com under the caption "Our Company-Corporate Governance." Any stockholder may obtain a copy of the By-laws without charge by writing to the Corporate Secretary at Pitney Bowes Inc., 1 Elmcroft Road, MSC 65-19, Stamford, CT 06926-0700.

Corporate Governance

Stockholders are encouraged to visit the company's Corporate Governance website at www.pb.com under the caption "Our Company-Corporate Governance" for information concerning the company's governance practices, including the Governance Principles of the Board of Directors, charters of the committees of the board, and the directors' Code of Business Conduct and Ethics. The company's Business Practices Guidelines, which is the company's Code of Ethics for employees, including the company's chief executive officer and senior financial officers, is also available on the company's Corporate Governance website. We intend to disclose 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. Copies of all board committee charters, the Governance Principles of the Board of Directors, the directors' Code of Business Conduct and Ethics and the company's Business Practices Guidelines are available in print to stockholders who request them.

In May 2007, the company's stockholders approved management's proposal to amend the By-laws of the company. The By-laws were amended to change the voting standard for the election of directors in an uncontested election from a plurality to a majority of votes cast. In February 2008, the Governance Principles were amended by the board of directors to reflect this change in voting standard for the election of directors.

Board of Directors

The board of directors has conducted its annual review of the independence of each director under the New York Stock Exchange listing standards and the standards of independence set forth in the Governance Principles of the Board of Directors (which are included as Annex I of this proxy statement).

Based upon its review, the board has concluded in its business judgment that the following directors are independent: Rodney C. Adkins, Linda G. Alvarado, Anne M. Busquet, Anne Sutherland Fuchs, Ernie Green, James H. Keyes, John S. McFarlane, Eduardo R. Menascé, Michael I. Roth, David L. Shedlarz, David B. Snow, Jr. and Robert E. Weissman.

In making this determination, the board considered that in the ordinary course of business, transactions may occur between Pitney Bowes and its subsidiaries and companies or other entities at which some of our directors are executive officers. Under the company's independence standards, business transactions meeting the following criteria are not considered to be material transactions that would impair a director's independence:

The director is an employee or executive officer of another company that does business with Pitney Bowes and our annual payments to or from that company in each of the last three fiscal years are in an amount less than the greater of \$1 million or two percent of the annual consolidated gross revenues of the company by which the director is employed.

During 2007, Messrs. Adkins, Roth, Shedlarz and Snow were employed at corporations with which Pitney Bowes engages in ordinary course of business transactions. We reviewed all transactions with each of these entities and these transactions were made in the ordinary course of business and were below the threshold set forth in our director independence standards.

Lead Director

In February 2008, the board of directors appointed Robert E. Weissman to an additional one-year term as the board's Lead Director. The Lead Director serves as the chair of the periodic executive sessions of the board of directors during which neither the employee directors nor other members of management are present, and is responsible for briefing the chief executive officer, as needed, following the executive sessions.

The Lead Director also reviews and responds, as appropriate, to communications from stockholders and other interested parties in accordance with guidelines established by the board of directors. A complete description of the Lead Director function, including selection process and terms and term limits, can be found in Section 9 of the Governance Principles of the Board of Directors of Pitney Bowes Inc., which are available on the company's Corporate Governance website at www.pb.com under the caption "Our Company-Corporate Governance" and reprinted in this proxy statement as Annex I.

Communications with the Board

The board of directors has established procedures by which stockholders and other interested parties may communicate with the Lead Director, the Audit Committee chair, the independent directors, or the board of directors. Such parties may communicate with the Lead Director via e-mail at lead.director@pb.com, with 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 Lead Director, the 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 Lead Director;

- (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 Lead Director. 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.

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 2007 annual meeting.

Board Committees

During 2007, 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 ten times in 2007, and the independent directors met in executive session, without any member of management in attendance, nine times.

Members of the board serve on one or more of the seven committees described below. Mr. Critelli serves as the chair of the Executive Committee and Mr. Martin is a member of this 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. All board committee charters are posted on the company's Corporate Governance website at www.pb.com under the caption "Our Company-Corporate Governance" and are available in print to stockholders who request them. The members of each of the board committees are set forth in the following chart.

Name	Audit	Corporate Responsibility	E-Commerce and Technology	Executive	Executive Compensation	Finance	Governance
Rodney C. Adkins			X				
Linda G. Alvarado		X*				X	
Anne M. Busquet		X					
Michael J. Critelli				X*			
Anne Sutherland Fuchs		X			X		
Ernie Green		X					X
James H. Keyes	X			X	X*		X
Murray D. Martin				X			
John S. McFarlane			X*			X	
Eduardo R. Menascé			X		X		
Michael I. Roth	X			X		X*	X
David L. Shedlarz	X*	X				X	
David B. Snow, Jr.			X			X	
Robert E. Weissman	X			X	X		X*

* Committee Chair

The **Audit Committee**, which met six times in 2007, monitors the financial reporting standards and practices of the company and the company's internal financial controls to confirm compliance with the policies and objectives

established by the board of directors and oversees the company's ethics and compliance programs. The committee appoints an independent registered public accounting firm to conduct the annual audits, and discusses with the company's independent registered public accountants the scope of their examinations, with particular attention to areas where either the committee or the independent registered public accountants believe special emphasis should be directed. The committee reviews the annual financial statements and independent

registered public accounting firm's report, invites the independent registered public accounting firm'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 registered public accountants and approves their fees. It also reviews the company's internal accounting controls and the scope and results of the company's internal auditing activities, and submits reports and proposals on these matters to the board. The committee meets in executive session with the independent registered public accountants at each committee meeting.

The board of directors has determined that all members of the Audit Committee, James H. Keyes, Michael I. Roth, David L. Shedlarz and Robert E. Weissman, are "audit committee financial experts," as that term is defined by regulation of the Securities and Exchange Commission.

The **Corporate Responsibility Committee**, which met four times in 2007, monitors the company's policies and programs concerning stockholders, customers, employees, and the communities in which the company operates. The policies and programs that the committee monitors include employee relations, customer relations, procurement, product stewardship, investor relations, postal matters, community affairs, government relations, philanthropy, environmental health and safety, and emergency preparedness and business continuity planning.

The **E-Commerce and Technology Committee**, which met three times in 2007, monitors the company's programs for electronic commerce initiatives, information technology infrastructure, product development activities, and research and development.

The **Executive Committee**, which did not meet in 2007, can act, to the extent permitted by applicable law and the company's Restated Certificate of Incorporation and its By-laws, on all matters concerning management of the business which may arise between scheduled board of directors meetings, unless otherwise limited by applicable law and as described in the committee's charter.

The **Executive Compensation Committee** is responsible for the company's executive compensation policies and programs. During 2007, the committee met nine times. The committee frequently meets in executive session with Frederic W. Cook & Co., Inc., its independent consultant. The committee recommends to all of the independent directors for final approval policies, programs and specific actions regarding the compensation of the executive chairman and the chief executive officer, and approves the same for all of the executive officers of the company. The committee also recommends the "Compensation Discussion and Analysis" for inclusion in the company's proxy statement, in accordance with the rules and regulations of the Securities and Exchange Commission, and reviews and approves allocations of shares in the company's employee stock plans in connection with the granting of stock options and other stock awards. The Committee's charter, which was last amended in November 2007, is available on the company's website at www.pb.com under the heading "Our Company-Corporate Governance."

The **Finance Committee**, which met nine times in 2007, reviews the company's financial condition and evaluates significant financial policies and activities, oversees the company's major retirement programs, advises management and recommends financial action to the board. The committee's duties include monitoring the company's current and projected financial condition, reviewing and approving major investment decisions, and overseeing the financial operations of the company's retirement, savings, and post-retirement benefit plans and retirement funds to confirm that plan liabilities are adequately funded and plan assets are prudently managed. The committee recommends for approval by the board the establishment of new plans and any amendments that materially affect cost, benefit coverages, or liabilities of the plans.

The **Governance Committee**, which met six times in 2007, 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 chief executive officer, is responsible for succession planning and ensuring management continuity. 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 Governance Committee also may retain a third-party search firm to assist the committee members in identifying and evaluating potential nominees for the board.

Stockholders wishing to recommend a candidate for consideration by the Governance Committee may do so by writing to the 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 2009 annual meeting of stockholders must be received by January 2, 2009, 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 the company's 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 Securities and Exchange Commission; and (vi) the candidate's written, signed consent to serve if elected.

The 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 the company's Corporate Governance website at www.pb.com under the caption "Our Company-Corporate Governance," include a description of director qualifications. Among the qualifications considered by the committee are the candidate's integrity and ethics, business acumen, experience and skills, independence, sound judgment, and his or her ability to commit sufficient time and attention to the activities of the board.

If the Governance Committee believes that a potential candidate may be appropriate for recommendation to the board, 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, 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 beginning on page 6 of this proxy statement, stockholders intending to appear at a stockholders' meeting in order to nominate a candidate for election by the stockholders at the meeting (in cases where the board of directors does not intend to nominate the candidate or where the Governance Committee was not requested to consider his or her candidacy) must comply with the procedures in Article II, Section 6 of the company's By-laws. The By-laws are posted on the company's Corporate Governance website.

Directors' Compensation

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. The Governance Committee reviews the director compensation policy periodically and consults from time to time with an independent compensation consultant, selected and retained by the committee, as to the competitiveness of the program. In 2006, the Governance Committee reviewed peer group and market data provided by Steven Hall & Partners in considering and determining non-employee director compensation effective January 1, 2007. This review resulted in an increase from \$45,000 to \$65,000 in the annual retainer for non-employee directors. In addition, effective May 2007, restricted stock awards for non-employee directors were increased from 1,400 shares to 2,200 shares of restricted stock. Also, effective as of January 1, 2007, the board of directors established an annual retainer of \$10,000 for the Lead Director. The meeting attendance fees remained unchanged. The Governance Committee believes that the compensation for Pitney Bowes non-employee directors is appropriate and consistent with the philosophy, or objectives, of the director compensation program as further described in the Governance Principles of the Board. A summary of the director compensation program is provided below.

Directors' Fees During 2007, each director who was not an employee of the company received an annual fee of \$65,000 and a meeting fee of \$1,500 for each board and committee meeting attended. Directors who were elected to the board other than as of the May annual organizational meeting received a prorated annual fee. 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 receives an additional annual retainer of \$10,000.

All directors are reimbursed for their out-of-pocket expenses incurred in attending board and committee meetings. It is also our practice that when a director's spouse or guest is invited by the company to attend a company-hosted event, the incremental costs of such spousal or guest travel are treated as income to the director and are "grossed up" by the company such that the director is made whole for the added income taxes payable by him or her as a result of such spousal or guest travel. In 2007, there were no "gross ups" paid to any director for spousal or guest travel.

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 company common stock within five years of becoming a director of Pitney Bowes. The directors' stock ownership guidelines are available on the company's website at www.pb.com under the caption "Our Company-Corporate Governance."

Directors' Stock Plan Under the Directors' Stock Plan, in 2007 each director who was not an employee of the company received an award of 2,200 shares of restricted stock. Directors who joined the board after the annual meeting of stockholders in May were awarded a prorated number of shares of restricted stock. The shares carry full voting and dividend rights but, unless certain conditions are met, may not be transferred or alienated until the later of (i) termination of service as a director, or, if earlier, the date of a change of control, 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 provided 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.

Since the approval of the Directors' Stock Plan by stockholders in 1991, the common stock of the company has twice undergone a two-for-one split, in 1992 and 1997, respectively. In addition, the annual grant was increased in 1997 in connection with the discontinuation of the Directors' Retirement Plan, as described below. Ownership of shares granted under the Directors' Stock Plan is reflected in the table on page 13 showing security ownership of directors and executive officers.

Directors' Deferred Incentive Savings Plan. The company maintains a Directors' Deferred Incentive Savings Plan under which directors may defer all or part of the cash portion of their compensation. Deferred amounts will be notionally "invested" in any combination of several institutional investment funds. 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 option by directors who have terminated service on the board, provided that service on the board is terminated (i) after ten years of service on the board, or (ii) due to director's death or disability, or (iii) due to the director having attained mandatory directors' retirement age. The Directors' Stock Plan also permits the donation of vested stock options, regardless of the date of grant, to family members and family trusts or partnerships.

Directors' Retirement Plan. The company's Directors' Retirement Plan was discontinued, and the benefits previously earned by directors were frozen as of May 12, 1997. Under this plan, there is no benefit paid to a director who served for less than five years as of May 12, 1997. A director who had met the five-year minimum vesting requirement as of May 12, 1997 will receive an annual retirement benefit calculated as 50% of the director's retainer in effect as of May 12, 1997, and a director with more than five years of service at retirement will receive an additional ten percent of such retainer for each year of service over five, to a maximum of 100% of such retainer for ten or more years of service. The annual retainer fee in effect as of May 12, 1997, was \$30,000. The annual retirement benefit is paid for life.

DIRECTOR COMPENSATION FOR 2007

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
					(\$)(5)		
Mr. Adkins(6)	26,167	69,335	0	0	0	0	95,502
Ms. Alvarado	95,000	103,807	0	0	(190)	0	198,617
Ms. Busquet(7)	12,399	41,295	0	0	0	0	53,694
Ms. Fuchs	98,000	103,807	0	0			