PITNEY BOWES INC /DE/
Form DEF 14A
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)

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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 committee 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	X		