



The information included in this letter should be retained to support the determination of the income tax basis of your Pitney Bowes and Imagistics International common stock. In order to assist you in further complying with the requirements of the Internal Revenue Service, we are attaching a form of statement to be executed by you and included with your U.S. Federal Income Tax return.

December 7, 2001

To the Stockholders of Pitney Bowes Inc. Common Stock:

As owners of Pitney Bowes Inc. ("Pitney Bowes") common stock, you have recently received a special distribution of 0.08 shares of Imagistics International Inc. ("Imagistics International") common stock for each share of Pitney Bowes common stock owned as of the record date of November 19, 2001 (i.e., you received one share of Imagistics International common stock for each 12.5 shares of Pitney Bowes common stock). The distribution and the U.S. Federal Income Tax consequences of the distribution are fully discussed in the Information Statement dated November 14, 2001.

Pitney Bowes has received a ruling from the Internal Revenue Service that the distribution of Imagistics International common stock will be tax-free for U.S. Federal Income Tax purposes for Pitney Bowes stockholders who are United States citizens or residents. The state and local tax laws and the tax laws of other countries may vary. The U.S. Federal Income Tax basis of your Pitney Bowes common stock will have to be apportioned between your Pitney Bowes common stock and Imagistics International common stock based on their relative fair market values on the date of distribution. These values may be determined based on the average of the high and low trading prices of Pitney Bowes common stock and of Imagistics International common stock on that date as reported on the New York Stock Exchange Composite Transactions reporting system. Based on the prices at which Pitney Bowes common stock and Imagistics International common stock traded on December 3, 2001 the fair market value of one share of Pitney Bowes common stock was \$40.77, the fair market value of one share of Imagistics International common stock was \$11.75 and, therefore, the fair market value of 0.08 shares of Imagistics International common stock was \$.94. Accordingly, your aggregate income tax basis in Pitney Bowes common stock will be apportioned 2.25% to Imagistics International common stock received as a result of the distribution and 97.75% to your Pitney Bowes common stock. You should consult your tax adviser regarding the determination of your old tax basis in your Pitney Bowes shares and the application of this apportionment calculation to your particular circumstance.

All stockholders who received Imagistics International common stock are required to apportion basis even if some or all of their Pitney Bowes stock was sold after the record date and before the distribution of Imagistics International common stock.

To calculate the new tax basis in your Pitney Bowes and Imagistics International stocks, multiply your old tax basis in your Pitney Bowes shares by the corresponding allocation percentage described above. Thus the new total tax basis in your Pitney Bowes stock is now equal to 97.75% of your original Pitney Bowes total tax basis and the new total tax basis in your Imagistics International stock is 2.25% of your original Pitney Bowes total tax basis. In order to calculate the new tax basis per share, divide these numbers by the number of Pitney Bowes or Imagistics International shares that you were entitled to receive in connection with the distribution (including for this purpose any fractional share interest).

In other words:

New total basis for Pitney Bowes common stock = 97.75% x original total basis

New total basis for Imagistics International common stock = 2.25% x original total basis

New basis per Pitney Bowes share =  $\frac{97.75\% \times \text{original total basis}}{\text{Number of Pitney Bowes shares}}$

New basis per Imagistics International share =  $\frac{2.25\% \times \text{original total basis}}{\text{Number of Pitney Bowes shares} \times 0.08}$

For example, assume that before the distribution you owned 20 shares of Pitney Bowes common stock with a tax basis of \$10 for each share, for a total tax basis of \$200. You would have been entitled to  $20 \times 0.08 = 1.6$  shares of Imagistics International common stock in connection with the distribution. The new basis in your Pitney Bowes and Imagistics International stocks would be calculated as follows:

New total basis for Pitney Bowes common stock = 97.75% x \$200 = \$195.50

New total basis for Imagistics International common stock = 2.25% x \$200 = \$4.50

New basis per Pitney Bowes share =  $\frac{97.75\% \times \$200}{20} = \$9.77$

New basis per Imagistics International share =  $\frac{2.25\% \times \$200}{1.6} = \$2.81$

This calculation must be applied separately to each group of shares of Pitney Bowes common stock that you purchased at a price other than \$10 per share.

You will receive cash in lieu of a fractional share of Imagistics International common stock. This will not change the basis calculation described above. However, for tax purposes, you will be treated as having sold the fractional share in exchange for the amount of cash received. You are required to calculate and report your gain or loss from this sale, which will be equal to the difference between your basis in the fractional share and the amount of cash received. Using the figures in the above example, gain from sale of one share of Imagistics International common stock would have been  $\$11.75 - \$2.81 = \$8.94$ . The gain that you would be required to recognize with respect to the sale of a fractional 0.6 share would therefore be  $\$8.94 \times 0.6 = \$5.36$ .

### **Stock Acquired through the Pitney Bowes Employee Stock Purchase Plan**

If you acquired your Pitney Bowes stock through the Pitney Bowes Employee Stock Purchase Plan ("ESPP Stock"), you can apportion your basis in this stock using the same methodology set forth in this summary. In addition, because a portion of the value of the ESPP stock includes an amount that you must declare as ordinary income when you dispose of that stock, you must apportion the amount of the ordinary income between your ESPP stock and your Imagistics International stock. You must use the same ratios for this apportionment as you used for the basis apportionment. The ordinary income amount is equal to the amount of the discount under the terms of plan. For example, if you purchased your ESPP stock for \$22.50 per share and the fair market value at the relevant time was \$25, your ordinary income amount on a per share basis would be \$2.50 based on a 10% purchase discount determined as follows:  $(25 \times .9) = 22.50$ .  $25 - 22.50 = 2.50$ . Based on the basis allocation percentage of 97.75, your original ordinary income amount of \$2.50 per share would be split between your Pitney Bowes stock and your Imagistics stock as follows:  $2.5 \times .9775 = 2.44$  for your Pitney Bowes share and  $2.50 - 2.44 = .06$  (6¢) for your Imagistics share.

**INFORMATION STATEMENT TO THE INTERNAL REVENUE  
SERVICE**

**Statement of stockholder receiving a distribution of stock  
of Imagistics International Inc. (a controlled corporation),  
pursuant to Treasury Regulation Section 1.355-5(b)**

1. The undersigned, a stockholder owning shares of Pitney Bowes Inc. common stock as of the November 19, 2001 record date, received a distribution of common stock in Imagistics International Inc., a controlled corporation, pursuant to Section 355 of the Internal Revenue Code of 1986 as amended (the "Code"), on December 3, 2001.

2. The names and addresses of the corporations involved are:

(a) Pitney Bowes Inc.  
1 Elmcroft Road  
Stamford, CT 06926-0700

(b) Imagistics International Inc.  
100 Oakview Drive  
Trumbull, CT 06611

3. No stock or securities of Pitney Bowes Inc. were surrendered by the undersigned.

4. The undersigned received \_\_\_\_\_ shares of Imagistics International Inc. common stock.

5. Pitney Bowes Inc. has received a private letter ruling from the Internal Revenue Service to the effect that the distribution of shares of Imagistics International Inc. common stock qualifies as a tax-free distribution under Section 355 of the Code.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Stockholder