UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
FOR THE TRANSITION PERIOD FROM ____________ TO ____________

COMMISSION FILE NUMBER 1-9148

THE PITTSTON COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

VIRGINIA	54-1317776
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I. R. S. EMPLOYER IDENTIFICATION NO.)

P.O. BOX 4229, 1000 VIRGINIA CENTER PARKWAY GLEN ALLEN, VIRGINIA	23058-4229
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (804) 553-3600

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON ON WHICH REGISTERED
PITTSTON BRINK'S GROUP COMMON STOCK, PAR VALUE $1	NEW YORK STOCK EXCHANGE
PITTSTON BAX GROUP COMMON STOCK, PAR VALUE $1	NEW YORK STOCK EXCHANGE
PITTSTON MINERALS GROUP COMMON STOCK, PAR VALUE $1	NEW YORK STOCK EXCHANGE
RIGHTS TO PURCHASE SERIES A PARTICIPATING CUMULATIVE PREFERRED STOCK	NEW YORK STOCK EXCHANGE
RIGHTS TO PURCHASE SERIES B PARTICIPATING CUMULATIVE PREFERRED STOCK	NEW YORK STOCK EXCHANGE
RIGHTS TO PURCHASE SERIES D PARTICIPATING CUMULATIVE PREFERRED STOCK	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of March 2, 1999, there were issued and outstanding 40,863,615 shares of Pittston Brink's Group Common Stock, 20,824,910 shares of Pittston BAX Group Common Stock and 9,186,434 shares of Pittston Minerals Group Common Stock. The aggregate market value of such stocks held by nonaffiliates, as of that date, was $954,461,464, $151,105,783 and $13,962,972, respectively.

Documents incorporated by reference: Part I, Part II and Part IV incorporate information by reference from the Annual Reports of Pittston Brink's Group, Pittston BAX Group and Pittston Minerals Group for the year ended December 31, 1998. Part III incorporates information by reference from portions of the Registrant's definitive Proxy Statement to be filed pursuant to Regulation 14A.

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

As used herein, the "Company" includes The Pittston Company, except as otherwise indicated by the context. The Company is a diversified firm with three separate groups - Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group (each as defined below). The Company has three classes of common stock: Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, BAX Group and Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Brink's Group consists of the Brink's and BHS segments (each as defined below) of the Company. The BAX Group consists of the BAX Global segment (as defined below) of the Company. The Minerals Group consists of the Pittston Coal and Mineral Ventures segments (each as defined below) of the Company. The Company prepares three separate Annual Reports for the Brink's, BAX and Minerals Groups, each of which includes the consolidated financial information of the Company. Corporate allocations reflected in Brink's, BAX and Minerals Groups' financial statements are determined based upon methods which management believes to provide a reasonable and equitable allocation of such items. Holders of the Brink's Group, BAX Group and Minerals Group common stocks are shareholders of the Company, which continues to be responsible for all its liabilities. Accordingly, the financial statements of the Pittston Brink's Group, Pittston BAX Group and Pittston Minerals Group must be read in conjunction with the financial statements of the Company, which are included in each Group's Annual Report.

The Company provides to holders of Brink's Stock, BAX Stock and Minerals Stock, separate financial statements, financial review, descriptions of business and other relevant information in addition to the consolidated financial information of the Company. Notwithstanding the attribution of assets and liabilities (including contingent liabilities) among the Brink's Group, the BAX Group and the Minerals Group, for the purpose of preparing their respective financial statements, this attribution and the change in the capital structure of the Company as a result of the approval of the Brink's Stock Proposal did not affect legal title to such assets or responsibility for such liabilities for the Company or any of its subsidiaries. Holders of Brink's Stock, BAX Stock and Minerals Stock are shareholders of the Company, which continues to be responsible for all its liabilities. Financial impacts arising from one group that affect the Company's financial condition could thereby affect the results of operations and financial condition of each of the groups. Since financial developments within one group could affect other groups, all shareholders of the Company could be adversely affected by an event directly impacting only one group. Accordingly, the Company's consolidated financial statements must be read in connection with the Brink's Group, BAX Group and Minerals Groups' financial statements.

Financial information related to the Company's segments is included in Note 17 of the Company's consolidated financial statements. See pages 84 through 85; 87 through 88 or 92 through 93 of the Brink's Group, the BAX Group and the Minerals Group 1998 Annual Reports, respectively, each of which includes the consolidated financial information of the Company and are incorporated herein by reference. The information set forth with respect to "Business and Properties" is as of December 31, 1998 except where an earlier or later date is expressly stated. Nothing herein should be considered as implying that such information is correct as of any date other than December 31, 1998, except as so stated or indicated by the context.

Activities relating to the Brink's segment are carried on by Brink's, Incorporated and its subsidiaries and certain affiliates and associated companies in foreign countries (together, "Brink's"). Activities relating to the BHS segment are carried on by Brink's Home Security, Inc. and its subsidiaries (together, "BHS"). Activities relating to the BAX Global segment are carried on by BAX Global Inc. and its subsidiaries and certain affiliates and associated companies in foreign countries (together, "BAX Global"). Activities relating to Pittston Coal are carried on by the Pittston Coal Company and its subsidiaries (together, "Pittston Coal"). Activities relating to Mineral Ventures are carried on by Pittston Mineral Ventures Company and its subsidiaries and certain affiliates (together, "Mineral Ventures").

The Company has a total of approximately 41,800 employees.

PITTSTON BRINK'S GROUP

Pittston Brink's Group (the "Brink's Group") consists of the armored car, air courier and related services of Brink's, and the home security business of BHS.

BRINK'S

GENERAL

The major activities of Brink's are contract-carrier armored car, automated teller machine ("ATM"), air courier, coin wrapping, and currency and deposit processing services. Brink's serves customers through 153 branches in the United States and 39 branches in Canada. Service is also provided through subsidiaries, affiliates and associated companies in 48 countries outside the United States and Canada. These international operations contributed approximately 50% of Brink's total reported 1998 operating profit. Brink's ownership interest in

subsidiaries and affiliated companies ranges from approximately 20% to 100%; in some instances local laws limit the extent of Brink's interest.

Representative customers include banks, commercial establishments, industrial facilities, investment banking and brokerage firms and government agencies. Brink's provides its individualized services under separate contracts designed to meet the distinct transportation and security requirements of its customers. These contracts are usually for an initial term of one year or less, but generally continue in effect thereafter until canceled by either party.

Brink's armored car services include transportation of money from industrial and commercial establishments to banks for deposit, and transportation of money, securities and other negotiable items and valuables between commercial banks, Federal Reserve Banks and their branches and correspondents, and brokerage firms. Brink's also transports new currency, coins and precious metals for the United States Mint, the Federal Reserve System and the Bank of Canada. For transporting money and other valuables over long distances, Brink's offers a combined armored car and air courier service linking many cities in the United States and abroad. Except for a subsidiary in Venezuela, Brink's does not own or operate any aircraft, but uses regularly scheduled or chartered aircraft in connection with its air courier services.

In addition to its armored car pickup and delivery services, Brink's provides change services, coin wrapping services, currency and deposit processing services, ATM services, safes and safe control services, check cashing and pickup and delivery of valuable air cargo shipments. In certain geographic areas, Brink's transports canceled checks between banks or between a clearing house and its member banks. Brink's also offers CompuSafe'TM' service, designed to streamline the handling and management of cash receipts initially implemented for the convenience store and gas station market.

Brink's operates a worldwide specialized diamond and jewelry transportation business and has offices in the major diamond and jewelry centers of the world, including London, Antwerp, Tel Aviv, Hong Kong, New York, Bombay, Bangkok, Tokyo and Arrezzo, Italy.

Brink's has a wholly owned subsidiary that develops flexible deposit processing and vault management software systems for the financial services industry and for Brink's internal use. Brink's has the ability to tie together a full range of cash vault, ATM, transportation, storage, processing, inventory management and reporting services. Brink's believes that its processing and information capabilities differentiate its currency and deposit processing services from its competitors and enable Brink's to take advantage of the trend by banks, retail business establishments and others to outsource vaulting and cash room operations.

Brink's non-North American operations which accounted for approximately 57% of its revenues in 1998, are organized into three regions: Europe, Latin America and Asia/Pacific. In Europe, wholly owned subsidiaries of Brink's operate in France, Germany, the United Kingdom and the Netherlands and, in the diamond and jewelry transportation business, in Belgium, Italy, Russia and the United Kingdom. In January 1998, Brink's purchased substantially all of the remaining outstanding shares of its subsidiary in France. In June 1998, Brink's purchased the remaining 50% interest of its subsidiary in Germany. Brink's has a 70% interest in a subsidiary in Israel, a 50.05% interest in a subsidiary in Greece and a 51% interest in a subsidiary in Switzerland. Brink's also has ownership interests ranging from 45% to 50% in affiliates and subsidiaries operating in Belgium, Ireland, Jordan and Luxembourg. Wholly owned subsidiaries operate in South Africa and Turkey. In Latin America, wholly owned subsidiaries operate in Brazil and Bolivia. Brink's owns a 61% interest in a subsidiary in Venezuela, a 73% interest in a subsidiary in Chile, a 51% ownership interest in a subsidiary in Argentina, a 58% interest in a subsidiary in Colombia and a 20% interest in a Mexican company which operates one of the world's largest security transportation services with over 1,400 armored vehicles. Brink's also has 49% and 36% ownership interests in affiliates operating in Panama and Peru, respectively. In the Asia/Pacific region, wholly owned subsidiaries of Brink's operate in Australia, Taiwan and China, and majority owned subsidiaries operate in Hong Kong (90% owned), Japan (51% owned) and Singapore (60% owned). Brink's also has minority interests in affiliates in India, Pakistan and Thailand ranging from 40% to 49%.

Because the financial results of Brink's are reported in US dollars, they are affected by changes in the value of the various foreign currencies in relation to the US dollar. Changes in exchange rates may also adversely affect transactions which are denominated in currencies other than the functional currency. Brink's periodically enters into such transactions in the normal course of its business. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency fluctuations may have in any one country on the translated results. Brink's, from time to time, uses foreign currency forward contracts to hedge certain transactional risks associated with foreign currencies. Brink's is also subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions, political instability, controls on repatriation of earnings and capital, nationalization, expropriation and other forms of restrictive action by local governments. The future effects of such risks on Brink's cannot be predicted.

COMPETITION
Brink's is the oldest and largest armored car service company in the United States as well as a market leader in most of the countries in which it operates. The foreign subsidiaries, affiliates and associates of Brink's compete with numerous armored car and courier service companies in many areas of operation. In the United States, Brink's presently competes nationally with one company and regionally and locally with many smaller companies. Brink's believes that its service, high quality insurance coverage and company reputation (including the name

"Brink's") are important competitive advantages. However, the cost of service is, in many instances, the controlling factor in obtaining and retaining customers. While Brink's cost structure is generally competitive, certain competitors of Brink's have lower costs primarily as a result of lower wage and benefit levels.

See also "Government Regulation" below.

SERVICE MARK, PATENTS AND COPYRIGHTS
Brink's is a registered service mark of Brink's, Incorporated in the United States and in certain foreign countries. The Brink's mark and name are of material significance to Brink's business. Brink's owns patents with respect to certain coin sorting and counting machines and armored truck design. Patents related to coin sorting and counting machines expire in 2007. Brink's holds copyrights on certain software systems developed by Brink's. In addition, Brink's has a patented integrated service called CompuSafe'TM' service which has been designed to streamline the handling and management of cash receipts.

INSURANCE
Brink's carries insurance coverage for its losses. Insurance policies cover liability for loss of various types of property entrusted to Brink's from any cause except war and nuclear risk. The various layers of insurance are covered by different groups of participating underwriters. Such insurance is obtained by Brink's at rates and upon terms negotiated periodically with the underwriters. The loss experience of Brink's and, to a limited extent, other armored carriers affects premium rates charged to Brink's. The availability of quality and reliable insurance coverage is an important factor in the ability of Brink's to obtain and retain customers. Quality insurance is available to Brink's in major markets although the premiums charged are subject to fluctuations depending on market conditions. Less expensive armored car and air courier all-risk insurance is available, but these policies typically contain unacceptable operating warranties and limited customer protection.

GOVERNMENT REGULATION
The operations of Brink's are subject to regulation by the United States Department of Transportation with respect to safety of operation and equipment and financial responsibility. Intrastate operations in the United States and intraprovince operations in Canada are subject to regulation by state and by Canadian and provincial regulatory authorities, respectively. Brink's non-North American operations are regulated to varying degrees in foreign countries.

EMPLOYEE RELATIONS
At December 31, 1998, Brink's and its subsidiaries had approximately 10,700 employees in North America, of whom approximately 3,200 are classified as part-time employees. At December 31, 1998, Brink's had approximately 19,200 employees outside North America. In the United States, two locations (13 employees) are covered by collective bargaining agreements. At December 31, 1998, Brink's was a party to two United States and nine Canadian collective bargaining agreements with various local unions covering approximately 1,290 employees, most of whom are employees in Canada and members of unions affiliated with the International Brotherhood of Teamsters. Negotiations are continuing on two agreements that expired in 1998 and three agreements expiring in 1999. The remaining agreements will expire after 1999. Negotiations on the two agreements which expired in 1998 are expected to be concluded by the beginning of the second quarter of 1999. Brink's believes that its employee relations are generally satisfactory.

PROPERTIES
Brink's owns 26 branch offices and holds under lease an additional 185 branch offices, located in 38 states, the District of Columbia, the Commonwealth of Puerto Rico and nine Canadian provinces. Such branches generally include office space and garage or vehicle terminals, and serve not only the city in which they are located but also nearby cities. Brink's corporate headquarters in Darien, Connecticut, is held under a lease expiring in 2000, with an option to renew for an additional five-year period. The leased branches include 109 facilities held under long-term leases, while the remaining 76 branches are held under short-term leases or month-to-month tenancies.

Brink's owns or leases, in the United States and Canada, approximately 2,300 armored vehicles, 300 panel trucks and 260 other vehicles which are primarily service cars. In addition, approximately 2,700 Brink's-owned safes are located on customers' premises. The armored vehicles are of bullet-resistant construction and are specially designed and equipped to afford security for crew and cargo. Brink's subsidiaries and affiliated and associated companies located outside the United States and Canada operate from approximately 450 branches with approximately 4,400 armored vehicles.

BHS

GENERAL
BHS is engaged in the business of installing, servicing and monitoring electronic security systems primarily in owner-occupied, single-family residences. At December 31, 1998, BHS was monitoring approximately 585,500 systems, including approximately 113,500 new subscribers since December 31, 1997, and was servicing 70 metropolitan areas in 40 states, the District of Columbia and Canada. Four of these areas were added during 1998.

BHS markets its alarm systems primarily through advertising, inbound telemarketing and a direct sales force. BHS also markets its systems directly to home builders and has entered into several contracts which extend through 1999. BHS employees install and service the systems from local BHS branches. Subcontractors are utilized in some service areas. BHS does not manufacture any of the equipment used in its security systems; instead, it purchases such equipment from a small number of suppliers. Equipment inventories are maintained at each branch office.

BHS's security system consists of sensors and other devices which are installed at a customer's premises. The equipment is designed to signal intrusion, fire and medical alerts. When an alarm is triggered, a signal is sent by telephone line to BHS's central monitoring station in Irving, Texas, a suburb of Dallas. The monitoring station was designed and constructed in 1997 to meet the specifications of Underwriters' Laboratories, Inc. ("UL"). BHS applied for and received a UL listing for the facility. A backup monitoring center in Carrollton, Texas, protects against a catastrophic event at the primary monitoring center. In the event of an emergency, such as fire, tornado, major interruption in telephone service, or any other calamity affecting the primary facility, monitoring operations can be quickly transferred to the backup facility.

BHS's alarm service contracts contain provisions limiting BHS's liability to its customers. Courts have, from time to time, upheld such provisions, but there can be no assurance that the limitations contained in BHS's agreements will be enforced according to their terms in any or all cases. The nature of the service provided by BHS potentially exposes it to greater risk of liability than may be borne by other service businesses. However, BHS has not experienced any major liability losses.

BHS carries insurance of various types, including general liability and errors and omissions insurance, to protect it from product deficiencies and negligent acts of its employees. Certain of BHS's insurance policies and the laws of some states limit or prohibit insurance coverage for punitive or certain other kinds of damages arising from employees' misconduct.

REGULATION

BHS and its personnel are subject to various Federal, state and local consumer protection, licensing and other laws and regulations. BHS's business relies upon the use of telephone lines to communicate signals, and telephone companies are currently regulated by both the Federal and state governments. BHS's wholly owned Canadian subsidiary, Brink's Home Security Canada Limited, is subject to the laws of Canada, British Columbia and Alberta. The alarm service industry continues to experience a high incidence of false alarms in some communities, including communities in which BHS operates. This has caused some local governments to impose assessments, fines and penalties on subscribers of alarm companies (including BHS) based upon the number of false alarms reported. There is a possibility that at some point some police departments may refuse to respond to calls from alarm companies which would necessitate that private response forces be used to respond to alarm signals. Since these false alarms are generally not attributable to equipment failures, BHS does not anticipate any significant capital expenditures will be required as a result thereof. BHS believes its alarm service contracts will allow BHS to pass these charges on to the appropriate customers. Regulation of installation and monitoring of fire detection devices has also increased in several markets.

COMPETITION

BHS competes in many of its markets with numerous small local companies, regional companies and several large national firms. BHS believes that it is one of the leading firms engaged in the business of installing, servicing and monitoring electronic security systems in the single-family home marketplace. Competitive pressure on installation fees has increased since 1996. Several significant competitors offer installation prices which match or are less than BHS prices; however, many of the small local competitors in BHS markets continue to charge significantly more for installation.

In February 1996, a Federal telecommunications reform bill was enacted which contained provisions specific to the alarm industry. The key provisions include a five year waiting period prior to entry for the six (now four) regional Bell operating companies ("RBOCs") not already providing alarm service, restrictions on further purchases of alarm companies by one RBOC, Ameritech, which has already become a significant competitor in the industry, a prohibition against cross-subsidiarization by an RBOC of any alarm subsidiaries, a prohibition against any RBOCs accessing lists of alarm company customers and an expedited complaint process. Consequently, RBOCs could become significant competitors in the home security business in the near future. However, BHS believes that the quality of its service compares favorably with that provided by current competitors and that the Brink's name and reputation will continue to provide an important competitive advantage subsequent to the completion of the five year waiting period.

EMPLOYEES

BHS has approximately 2,400 employees, none of whom is covered by a collective bargaining agreement. BHS believes that its employee relations are satisfactory.

PROPERTIES

BHS operates from 58 leased offices and warehouse facilities across the United States and two leased offices in Canada. All premises protected by BHS alarm systems are monitored from the central monitoring station in Irving, Texas which is held by BHS under a lease expiring in 2003. This facility is also occupied by administrative, technical and marketing services personnel who support branch operations. The lease for the backup monitoring center in Carrollton, Texas, expires in 2002.

BHS retains ownership of nearly all of the approximately 585,500 systems currently being monitored. When a current customer cancels the monitoring service and does not move, it is BHS' policy to temporarily disable the system and not incur the cost of retrieving it (at which point any remaining book value of the equipment is fully reserved). Retaining ownership helps prevent another alarm company from providing services using BHS security equipment. On the other hand, when a current customer cancels the monitoring service because of a move, the retention of ownership of the equipment facilitates the marketing of the

monitoring service to the new homeowner. BHS leases all of the 1,160 vehicles used for installation and servicing of its security systems.

BHS has two patents on its 2000 Control Panel and Keypad which expire in 2012 and 2018.

PITTSTON BAX GROUP

Pittston BAX Group (the "BAX Group") consists of the expedited freight transportation services, supply chain management, freight forwarding and customs brokerage services business of BAX Global.

BAX GLOBAL

GENERAL
BAX Global is primarily engaged in North American overnight and second day freight, and international time definite air and sea transportation, freight forwarding, supply chain management services and international customs brokerage. In conducting its forwarding business, BAX Global generally picks up or receives freight shipments from its customers, consolidates the freight of various customers into shipments for common destinations, arranges for the transportation of the consolidated freight to such destinations (using either commercial carriers or, in the case of most of its United States, Canadian and Mexican shipments, its own aircraft fleet and hub sorting facility) and, at the destinations, distributes the consolidated shipments and effects delivery to consignees. For international shipments, BAX Global also frequently acts as customs broker, facilitating the clearance of goods through customs at international points of entry. BAX Global provides transportation customers with supply chain management services and operates logistics warehouse and distribution facilities in key world markets.

BAX Global specializes in highly customized global freight forwarding and supply chain management services. It concentrates on providing service to customers with significant supply chain management needs, such as manufacturers of computer and electronics equipment. BAX Global offers its customers a variety of service and pricing alternatives for their shipments, such as guaranteed overnight delivery, second-day delivery or deferred service in North America. A variety of ancillary services, such as shipment tracking, inventory control and management reports are also provided. Internationally, BAX Global offers a similar variety of services including ocean forwarding, door-to-door delivery and standard and expedited freight services.

BAX Global has the ability to provide freight service to all North American business communities as well as to virtually all foreign countries through its network of company-operated stations and agent locations in 119 countries. The pickup and delivery of freight are accomplished principally by independent contractors. BAX Global markets its services primarily through its direct sales force and also employs other marketing methods, including print media advertising and direct marketing campaigns.

BAX Global's freight business has tended to be seasonal, with a significantly higher volume of shipments generally experienced during March, June and the period August through December than during the other periods of the year. The lowest volume of shipments has generally occurred in January and February.

Including United States export and import revenue, BAX Global's international operations accounted for approximately 65% of its revenues in 1998. Intra-US revenues accounted for 35% of total revenues in 1998.

BAX Global is continuing to develop import/export and supply chain management business between shippers and consignees, in countries other than the United States through BAX Global's network of company-operated stations and agent locations. BAX Global has agents and sales representatives in many overseas locations, although such agents and representatives are not subject to long-term noncancellable contracts.

Because the financial results of BAX Global are reported in US dollars, they are affected by changes in the value of the various foreign currencies in relation to the US dollar. Changes in exchange rates may also adversely affect transactions which are denominated in currencies other than the functional currency. BAX Global periodically enters into such transactions in the normal course of its business. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency fluctuations may have in any one country on the translated results. BAX Global, from time to time, uses foreign currency forward contracts to hedge certain transactional risks associated with foreign currencies. BAX Global is also subject to other risks associated with doing business in foreign countries, including labor and economic conditions, political instability, controls on repatriation of earnings and capital, nationalization, expropriation and other forms of restrictive action by local governments. The future effects of such risks, if any, on BAX Global cannot be predicted.

BAX Global's computer system, ARGUS+'r', is a satellite-based, worldwide communications and information system which, among other things, provides worldwide tracking and tracing of shipments and various data for management information reports, enabling customers to improve efficiency and control costs. BAX Global also utilizes an image processing system to centralize domestic airbill and related document storage in BAX Global's computer for automated retrieval by any BAX Global office.

During early 1997, BAX Global began an extensive review of the company's information technology ("IT") strategy. Through this review, senior management from around the world developed a new global strategy to improve business processes with an emphasis on new information systems intended to enhance productivity and improve the company's competitive position, as well as address and remediate the company's Year 2000

compliance issues. The company ultimately committed up to $120 million to be spent from 1997 to early 2000 to improve information systems and complete Year 2000 initiatives.

However, in conjunction with priorities established by BAX Global's new president and chief executive officer, who joined the company in June 1998, senior management re-examined this global IT strategy. It was determined that the critical IT objectives needed to be accomplished by the end of 1999 were Year 2000 compliance and the consolidation and integration of certain key operating and financial systems, supplemented by process improvement initiatives to enhance these efforts. As a result of this re-examination, senior management determined that certain non-critical, in-process IT software development projects that were begun in late 1997 under BAX Process Innovation ("BPI") project would be terminated. Therefore, costs relating to these projects, which had previously been capitalized, were written off during the third quarter of 1998. Also, as a result of this re-examination, certain existing software applications were found to have no future service potential or value. The combined carrying amount of these assets, which were written off, approximated $16 million. It is management's belief at this time that the current ongoing information technology initiatives that originated from the previously mentioned BPI project are necessary and will be successfully completed and implemented.

AIRCRAFT OPERATIONS
On April 30, 1998, BAX Global acquired the privately held Air Transport International LLC ("ATI"). ATI is a US-based freight and passenger airline which operates a certificated fleet of DC-8 aircraft providing services to BAX Global, the US Government Air Mobility Command, and other customers. ATI provides domestic lift service in the BAX Global system and domestic and international lift service for the US Government Air Mobility Command and other charter customers.

BAX Global, inclusive of the ATI fleet, utilizes a fleet of 36 leased or contracted and 7 owned aircraft providing regularly scheduled service throughout the United States and certain destinations in Canada and Mexico from its freight sorting hub in Toledo, Ohio. BAX Global's fleet is also used for charters and to serve other international markets from time to time. The fleet and hub are primarily dedicated to providing reliable next-day service for domestic, Canadian and Mexican air cargo customers. BAX Global owns 5 DC-8 aircraft in cargo configuration and an additional 2 in Combi configuration (designed to carry cargo and passengers), which are utilized for US Government Air Mobility Command missions. There is a total of 5 DC-8s in the Combi configuration (2 owned and 3 leased) which are utilized for military flights and do not operate in the BAX cargo system. At December 31, 1998, BAX Global utilized 17 DC-8s (including 11 DC8-71 aircraft) under leases for terms primarily expiring between 1999 and 2003. Sixteen additional 727 cargo aircraft were under contract at December 31, 1998, for terms ranging between three and four years. Based on the current state of the aircraft leasing market, BAX Global believes that it should be able to renew these leases or enter into new leases on terms reasonably comparable to those currently in effect. The actual operation and routine maintenance of the aircraft owned or held under long-term lease by BAX Global is performed by ATI, a wholly owned airline subsidiary, or is contracted out, normally for two-to-three-year terms, to other federally certificated operators which supply the pilots and other flight services.

The nightly lift capacity in operation at December 31, 1998, was approximately 2.0 million pounds, calculated on an average freight density of 7.5 pounds per cubic foot. BAX Global's nightly lift capacity varies depending upon the number and type of planes operated by BAX Global at any particular time. Including trucking capacity available to BAX Global, the aggregate daily cargo capacity at December 31, 1998, was approximately 3.2 million pounds.

For aircraft owned or held under long-term lease, BAX Global is generally responsible for all the costs of operating and maintaining the aircraft, including any special maintenance or modifications which may be required by Federal Aviation Administration ("FAA") regulations or orders (see "Government Regulation" below). In 1998, BAX Global had cash outlays totaling approximately $40 million on routine heavy maintenance of its aircraft fleet. BAX Global has made provisions in its financial statements for the expected costs associated with aircraft operations and maintenance which it believes to be adequate; however, unanticipated maintenance costs or required aircraft modifications could adversely affect BAX Global's profitability.

The average airframe age of the fleet leased by BAX Global under leases with terms longer than two years is 30 years, although factors other than age, such as cycles (numbers of takeoffs or landings) can have a significant impact on an aircraft's serviceability. Generally, cargo aircraft tend to have fewer cycles than passenger aircraft over comparable time periods because they have fewer flights per day and longer flight segments.

Fuel costs are a significant element of the total costs of operating BAX Global's aircraft fleet. For each one cent per gallon increase or decrease in the price of jet fuel, BAX Global's airline operating costs may increase or decrease approximately $80 thousand per month. In order to protect against price increases in jet fuel, from time to time BAX Global enters into hedging and other agreements, including swap contracts, options and collars.

Fuel prices are subject to world, as well as local, market conditions. It is not possible to predict the impact of future conditions on fuel prices and fuel availability. Competition in the airfreight industry is such that no assurance can be given that any future increases in fuel costs (including taxes relating thereto) will be recoverable in whole or in part from customers.

BAX Global has a lease expiring in October 2013, with the Toledo-Lucas County Port Authority covering its freight sorting hub and related facilities (the "Hub") at Toledo Express Airport in

Ohio. The Hub consists of various facilities, including a technologically advanced material handling system which is capable of sorting approximately one million pounds of freight per hour.

CUSTOMERS

BAX Global's domestic and foreign customer base includes thousands of industrial and commercial shippers, both large and small. BAX Global's customer base includes major companies in the automotive, aerospace, computer, electronics, fashion, retail and other industries where rapid delivery of high-value products is required. In 1998, no single customer accounted for more than 3% of BAX Global's total worldwide revenues. BAX Global does not have long-term, noncancellable contracts with any of its customers.

COMPETITION

The air and ocean freight forwarding and supply chain management industries have been and are expected to remain highly competitive. The principal competitive factors in both domestic and international markets are price, the ability to provide consistently fast and reliable delivery of shipments and the ability to provide ancillary services such as warehousing, distribution, shipment tracking and sophisticated information systems and reports. There is aggressive price competition in the domestic air freight market, particularly for the business of high volume shippers. BAX Global competes with other integrated air freight companies that operate their own aircraft, as well as with air freight forwarders, express delivery services, passenger airlines and other transportation companies. Domestically, BAX Global also competes with package delivery services provided by ground transportation companies, including trucking firms and surface freight forwarders, which offer specialized overnight services within limited geographical areas. As a freight forwarder to, from and within international markets, BAX Global also competes with government-owned or subsidized passenger airlines and ocean shipping companies. In supply chain management services, BAX Global competes with many third party logistics providers.

GOVERNMENT REGULATION

The air transportation industry is subject to Federal regulation under the Federal Aviation Act of 1958, as amended, and pursuant to that statute, the Department of Transportation ("DOT") may exercise regulatory authority over BAX Global. ATI operates an FAA-certificated fleet and therefore is subject to such regulations. In addition, BAX Global's Toledo, Ohio, hub operations are directly affected by the FAA.

Federal statues authorize the FAA, with the assistance of the Environmental Protection Agency ("EPA"), to establish aircraft noise standards. Under the National Emissions Standards Acts of 1967, as amended by the Clean Air Act Amendments of 1970, and the Airport Noise and Capacity Act of 1990 (the "Noise Act"), the administrator of the EPA is authorized to issue regulations setting forth standards for aircraft emissions. Although the Federal government generally regulates aircraft noise, local airport operators may, under certain circumstances, regulate airport operations based on aircraft noise considerations. If airport operators were to restrict arrivals or departures during certain nighttime hours to reduce or eliminate air traffic noise for surrounding home areas at airports where BAX Global's activities are centered, BAX Global would be required to serve those airports with Stage III equipment.

The Noise Act requires that aircraft not complying with Stage III noise limits be phased out by December 31, 1999. The Secretary of Transportation may grant a waiver if it is in the public interest and if the carrier has at least 85% of its aircraft in compliance with Stage III noise levels by July 1, 1999, and has a plan with firm orders for making all of its aircraft comply with such noise levels no later than December 31, 2003. No waiver may permit the operation of Stage II aircraft in the United States after December 31, 2003.

The Noise Act requires the FAA to promulgate regulations setting forth a schedule for the gradual phase-out of Stage II aircraft. The FAA has adopted rules requiring each "US operator" to reduce the number of its Stage II aircraft by 25% by the end of 1994, by 50% by the end of 1996, and by 75% by the end of 1998. The Noise Act imposes certain conditions and limitations on an airport's right to impose new noise or access restrictions on Stage II and Stage III aircraft but exempts present and certain proposed regulations from those requirements.

Forty-one of the 43 aircraft in BAX Global's fleet primarily held under long-term leases or owned now comply with the Stage III limits. Through 1999, BAX Global anticipates that the two remaining aircraft will be hush-kitted to comply with Stage III standards.

The FAA has recently imposed a regulation mandating Boeing 727 container load reductions. A supplier of lift to BAX Global does operate Boeing 727 that are subject to this regulation. BAX Global does not anticipate that this regulation will have any significant impact on its operations.

BAX Global is subject to various requirements and regulations in connection with the operation of its motor vehicles, including certain safety regulations promulgated by DOT and state agencies.

EMPLOYEE RELATIONS

BAX Global and its subsidiaries have approximately 7,600 employees worldwide, of whom about 2,500 are classified as part-time. Approximately 130 of these employees (principally customer service, clerical and/or dock workers) in BAX Global's stations at John F. Kennedy Airport, New York; Secaucus, New Jersey; Minneapolis, Minnesota; and Toronto, Canada are represented by labor unions, which in most cases are affiliated with the International Brotherhood of Teamsters. The hourly collective bargaining agreement at John F. Kennedy Airport has been negotiated and was ratified in 1998. BAX Global is currently negotiating with the clerical union at John F. Kennedy Airport.

BAX Global did not experience any significant strike or work stoppage in 1998 and considers its employee relations satisfactory.

Substantially all of BAX Global's cartage operations are conducted by independent contractors. Certain flight crews for its aircraft are employees of the independent airline companies which operate such aircraft and certain flight crews are employees of ATI.

PROPERTIES

BAX Global operates 267 (106 domestic and 161 international) stations with BAX Global personnel, and has agency agreements at an additional 227 (47 domestic and 180 international) stations. These stations are located near primary shipping areas, generally at or near airports. BAX Global-operated domestic stations, which generally include office space and warehousing facilities, are located in 47 states, the District of Columbia and Puerto Rico. BAX Global-operated international facilities are located in 28 countries. Most stations serve not only the city in which they are located, but also nearby cities and towns. Nearly all BAX Global-operated stations are held under lease. The Hub in Toledo, Ohio, is held under a lease expiring in 2013, with rights of renewal for three five-year periods. Other facilities, including the corporate headquarters in Irvine, California, are held under leases having terms of one to ten years.

BAX Global owns or leases, in the United States and Canada, a fleet of approximately 44 automobiles as well as 152 vans and trucks utilized in station work or for hauling freight between airport facilities and BAX Global's stations.

PITTSTON MINERALS GROUP

Pittston Minerals Group (the "Minerals Group") is primarily engaged in the mining, preparation and marketing of coal, the purchase of coal for resale, the sale or leasing of coal lands to others and has interests in the timber and natural gas businesses through Pittston Coal. The Minerals Group also explores for and acquires mineral assets other than coal, primarily gold, through its Mineral Ventures operations. Revenues from such Mineral Ventures activities currently represent approximately 3% of Minerals Group revenues.

PITTSTON COAL

GENERAL

Pittston Coal produces coal from approximately 17 company-operated surface and deep mines located in Virginia, West Virginia and eastern Kentucky for consumption in the steam and metallurgical markets. Steam coal is sold primarily to utilities and industrial customers located in the eastern United States. Metallurgical coal is sold to steel and coke producers primarily located in the United States, Europe, the Mediterranean basin, Japan, Korea and Brazil. Pittston Coal's strategy is to continue to develop its business as a low-cost producer of low sulphur steam coal and high-quality metallurgical coal.

Pittston Coal has substantial reserves of low sulphur coal, much of which can be produced from lower cost surface mines. Moreover, it has a significant share of the premium quality metallurgical coal reserves in the United States, along with other high quality feed stock seams in demand by the coke and steel-making industry.

Steam coal is sold primarily to domestic utility customers through long-term contracts (contracts in excess of one year) which have the effect of moderating the impact of short-term market conditions, thereby reducing one element of risk in new or expanded projects. Most of the steam coal consumed in the United States is used to generate electricity. Through September 1998, coal accounted for approximately 56% of the electricity generated by the electric utility industry. Pittston Coal believes that it is well-positioned to take advantage of any increased demand for low sulphur steam coal. Such increased demand could result from factors such as regulatory requirements mandating lower emissions of sulphur dioxide and utility deregulation which should favor coal as the lowest cost energy source for power plants.

In contrast, the market for metallurgical coal, for most of the past fifteen years, has been characterized by a weakening demand from primary steel producers, a move to non-metallurgical coal and/or weak metallurgical coal in coke and steel making, and intense competition from foreign coal producers, especially those in Australia and Canada who benefited over this period from a declining currency value versus the US dollar (coal sales contracts are priced in US dollars). 1996 results benefited from some relief from declining currencies while 1997 and 1998 results suffered from a sharp weakening of the Australian dollar. Metallurgical coal sales contracts typically are subject to annual price renegotiation, which increases the exposure to market forces.

PRODUCTION

The following table indicates the approximate tonnage of coal purchased and produced by Pittston Coal for the years ended 1998, 1997 and 1996.

	Years Ended December 31		
(In thousands of tons)	1998	1997	1996
Produced:			
Deep	5,332	4,975	3,930
Surface (a)	6,689	10,238	11,151
Contract	831	1,433	1,621
	12,852	16,646	16,702

Purchased	3,536	4,075	5,762
Total	16,388	20,721	22,464

(a) Reduction from 1997 is primarily the result of the sale of certain assets of the Elkay mining operation in April 1998.

SALES

The following table indicates the approximate tonnage of coal sold by Pittston Coal in the years ended December 31, 1998, 1997 and 1996 in the domestic (United States and Canada) and export markets and by categories of customers:

(In thousands, except per ton amounts)	Years Ended December 31 1998	1997	1996
DOMESTIC:			
Steel and coke producers	1,109	792	139
Utility, industrial and other	9,797	12,912	14,794
	10,906	13,704	14,933
EXPORT:			
Utility, industrial and other	--	--	217
Steel and coke producers	5,831	6,764	7,821
Total sold	16,737	20,468	22,971
Average selling price per ton	$29.59	29.52	29.17

For the year ended December 31, 1998, Pittston Coal sold approximately 16.7 million tons of coal, of which approximately 9.8 million tons were sold under long-term contracts. In 1997, Pittston Coal sold approximately 20.5 million tons of coal, of which approximately 13.5 million tons were sold under long-term contracts.

The following table provides year by year estimates of the tons of coal committed for sale under long-term contracts at December 31, 1998:

Year	Thousands of tons
1999	8,244
2000	5,917
2001	4,886
2002	3,070
2003	1,445
2004	1,080
2005	1,005
2006	780
2007	460
Total	26,887

Contracts relating to a certain portion of this tonnage are subject to periodic price renegotiation, which can result in termination by the purchaser or the seller prior to contract expiration in case the parties should fail to agree upon price.

During 1998, the ten largest domestic customers purchased 8.6 million tons of coal (51% of total coal sales and 79% of domestic coal sales, by tonnage). The three largest domestic customers purchased 5.9 million tons of coal for the year ended December 31, 1998 (36% of total coal sales and 54% of domestic coal sales, by tonnage). The largest single customer, American Electric Power Company, purchased 4.3 million tons of coal, accounting for 26% of total coal sales and 39% of domestic coal sales, by tonnage. In 1997, the ten largest domestic customers purchased 11.2 million tons of coal (55% of total coal sales and 82% of domestic coal sales, by tonnage). The three largest domestic customers purchased 8.0 million tons of coal in 1997 (39% of total coal sales and 59% of domestic coal sales, by tonnage). In 1997, American Electric Power Company purchased 5.6 million tons of coal, accounting for 27% of total coal sales and 41% of domestic coal sales, by tonnage.

Of the 5.8 million tons of coal sold in the export market in 1998, the ten largest customers accounted for 3.4 million tons (21% of total coal sales and 59% of export coal sales, by tonnage) and the three largest customers purchased 1.8 million tons (11% of total coal sales and 31% of export coal sales, by tonnage). Of the 6.8 million tons of coal sold in the export market in 1997, the ten largest customers accounted for 3.7 million tons (18% of total coal sales and 54% of export coal sales, by tonnage) and the three largest customers purchased 1.7 million tons (8% of total coal sales and 24% of export coal sales, by tonnage). Export coal sales are made principally under annual contracts or long-term contracts that are subject to annual price renegotiation. Under these export contracts, the price for coal is expressed and paid in United States dollars.

Virtually all coal sales in the domestic utility market pursuant to long-term contracts are subject to periodic price adjustments on the basis of provisions which permit an increase or decrease periodically in the price to reflect increases and decreases in certain price indices. In certain cases, price adjustments are permitted when there are changes in taxes other than income taxes, when the coal is sold other than FOB the mine and when there are changes in railroad and barge freight rates. The provisions, however, are not identical in all of such contracts, and the selling price of the coal does not necessarily reflect every change in production cost incurred by the seller.

Metallurgical contracts are generally of one-year duration. The longest-term metallurgical contract is valid through December 31, 2001. Contracts for the sale of metallurgical coal in the domestic and export markets are generally subject to price renegotiations on an annual basis. Pittston Coal's sales of metallurgical coal are diversified geographically on a worldwide basis. Approximately 1.1 million tons, or 16% of metallurgical sales were domestic; 3.6 million tons, or 52%, were to the Europe/Mediterranean basin; 1.0 million tons, or 14%, were to the Far East and 1.3 million tons, or 18%, were to Latin America. Contract negotiations for 1999, which typically occur in April, are expected to be negatively impacted as a result of the increased competitiveness of foreign metallurgical coal producers caused by the relative strength of the US dollar versus the currencies of those producers' countries.

COMPETITION

The bituminous coal industry is highly competitive. Pittston Coal competes with many other large coal producers and with hundreds of small producers in the United States and abroad.

In the export market, many foreign competitors, particularly Australian, South African and Canadian coal producers, benefit

from certain competitive advantages existing in the countries in which they operate, such as less difficult mining conditions, lower transportation costs, less severe government regulation and lower labor and health benefit costs, as well as currencies which have generally depreciated against the United States dollar. The metallurgical coal produced by Pittston Coal is generally of higher quality, and is often used by foreign steel producers to blend with coals from other sources to improve the quality of coke and coke oven efficiency. However, in recent years, steel producers have developed facilities and techniques which, to some extent, enable them to accept lower quality metallurgical coal in their coke ovens. Moreover, new technologies for steel production which utilize pulverized coal injection, direct reduction iron and the electric arc furnace have reduced the demand for all types of metallurgical coal. However, the use of lesser quality coals and less coke in the blast furnace has increased the importance of coke strength and the importance of premium quality coal in coke making.

Metallurgical sales in 1999 are expected to be lower than those of 1998, primarily as a result of the increased competitiveness of foreign metallurgical coal producers caused by the relative strength of the US dollar versus the currencies of those producers' countries, especially in Asia. In addition, this currency disadvantage is expected to negatively impact 1999 contract negotiations which typically occur in April.

Pittston Coal competes domestically on the basis of the premium quality of its coal, which is not only valuable in the making of steel but, because of low sulphur and high heat content, is also an attractive source of fuel to the electric utility and other coal burning industries.

Other factors which affect competition include the price, availability and public acceptance of alternative energy sources (in particular, oil, natural gas, hydroelectric power and nuclear power), as well as the impact of federal energy policies. Pittston Coal is not able to predict the effect, if any, on its business (especially with respect to sales to domestic utilities) of particular price levels for such alternative energy sources, especially oil and natural gas. However, any sustained and marked decline in such prices could have a material adverse effect on such business.

ENVIRONMENTAL MATTERS

The Surface Mining Control and Reclamation Act of 1977 and the regulations promulgated thereunder ("SMCRA") by the Federal Office of Surface Mining Reclamation and Enforcement ("OSM"), and the enforcement thereof by the US Department of the Interior, establish mining and reclamation standards for all aspects of surface mining as well as many aspects of deep mining. SMCRA also imposes a tax of $0.35 on each ton of surface-mined coal and $0.15 on each ton of deep-mined coal. OSM and its state counterparts monitor compliance with SMCRA and its regulations by the routine issuance of "notices of violation" which direct the mine operator to correct the cited conditions within a stated period of time. Pittston Coal's policy is to correct the conditions that are the subject of these notices or to contest those believed to be without merit in appropriate proceedings.

As previously reported, Pittston Coal has reached a broad settlement with the OSM involving SMCRA liabilities of former contractors. Pittston Coal has also entered into a number of similar agreements with the states. Under these agreements, Pittston Coal agreed to perform certain reclamation and to pay certain fees of former contractors. In return, the agencies agreed not to deny or "block" permits to Pittston Coal on account of the contractor liabilities being settled. Pittston Coal is in the process of successfully completing all required work under these agreements.

Pittston Coal is subject to various federal environmental laws, including the Clean Water Act, the Clean Air Act and the Safe Drinking Water Act, as well as state laws of similar scope in Virginia, West Virginia, Kentucky and Ohio. These laws require approval of many aspects of coal mining operations, and both federal and state inspectors regularly visit Pittston Coal's mines and other facilities to assure compliance.

While it is not possible to quantify the costs of compliance with all applicable federal and state laws, those costs have been and are expected to continue to be significant. In that connection, it is estimated that Pittston Coal made capital expenditures for environmental control facilities in the amount of approximately $1.1 million in 1998 and estimates expenditures of $1.2 million in 1999. Compliance with these laws has substantially increased the cost of coal mining, but is, in general, a cost common to all domestic coal producers. The Company believes that the competitive position of Pittston Coal has not been and should not be adversely affected except in the export market where Pittston Coal competes with various foreign producers not subject to regulations prevalent in the US.

Federal, state and local authorities strictly monitor the sulphur dioxide and particulate emissions from electric power plants served by Pittston Coal. In 1990, Congress enacted the Clean Air Act Amendments of 1990, which, among other things, permit utilities to use low sulphur coals in lieu of constructing expensive sulphur dioxide removal systems. The Company believes this should have a favorable impact on the marketability of Pittston Coal's extensive reserves of low sulphur coals. However, the Company cannot predict at this time the timing or extent of such favorable impact.

MINE HEALTH AND SAFETY LAWS

The coal operating companies included within Pittston Coal are generally liable under federal laws requiring payment of benefits to coal miners with pneumoconiosis ("black lung"). The Black Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977 (the "1977 Act"), as amended by the Black Lung Benefits and Revenue Amendments Act of 1981 (the "1981 Act"), expanded the benefits for black lung disease and levied a tax on coal production of $1.10 per ton for deep-mined coal and $0.55 per ton for surface-mined coal, but not to exceed 4.4% of

10

the sales price. In addition, the 1981 Act provides that certain claims for which coal operators had previously been responsible will be obligations of the government trust funded by the tax. The 1981 Act also tightened standards set by the 1977 Act for establishing and maintaining eligibility for benefits. The Revenue Act of 1987 extended the termination date of the tax from January 1, 1996 to the earlier of January 1, 2014 or the date on which the government trust becomes solvent. The Company cannot predict whether any future legislation effecting changes in the tax will be enacted. A number of the subsidiaries of the Company filed a civil action in the United States District Court for the Eastern District of Virginia asking the Court to find that the assessment of the black lung tax on coal the Company subsidiaries sold to foreign customers for the first quarter of 1997 was unconstitutional. On December 28, 1998, the District Court found the black lung tax, as assessed against foreign coal sales, to be unconstitutional and entered judgment for the Company's subsidiaries in an amount in excess of $0.7 million. The Company will seek a refund of the black lung tax it paid on any of its foreign coal sales for periods as far back as applicable statute limitations will permit.

Stringent safety and health standards have been imposed by federal legislation since 1969 when the Federal Coal Mine Health and Safety Act was adopted, which resulted in increased operating costs and reduced productivity. The Federal Mine Safety and Health Act of 1977 significantly expanded the enforcement of health and safety standards.

Compliance with health and safety laws is, in general, a cost common to all domestic coal producers. The Company believes that the competitive position of Pittston Coal has not been and should not be adversely affected except in the export market where Pittston Coal competes with various foreign producers subject to less stringent health and safety regulations.

EMPLOYEE RELATIONS

At December 31, 1998, approximately 490 of the 1,800 employees of Pittston Coal were members of the United Mine Workers of America ("UMWA"). The remainder of such employees are either unrepresented hourly employees or supervisory personnel. During the fourth quarter of 1998, certain of the Pittston coal companies and the UMWA agreed to a five year wage contract. The agreement covers approximately 400 employees and became effective January 1, 1999. Since 1990, no significant labor disruptions involving UMWA-represented employees have occurred. Pittston Coal believes that its employee relations are satisfactory.

HEALTH BENEFIT ACT

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which "signatory operators" and "related persons," including the Company and certain of its subsidiaries (collectively, the "Pittston Companies"), are jointly and severally liable to pay annual premiums for assigned beneficiaries, together with a pro rata share for certain beneficiaries who never worked for such employers, including, in the Company's case, the Pittston Companies ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. In October 1993 and at various times in subsequent years, the Pittston Companies have received notices from the Social Security Administration (the "SSA") with regard to their assigned beneficiaries for which they are responsible under the Health Benefit Act. For 1998 and 1997, these amounts were approximately $9.6 million and $9.3 million, respectively. As a result of legal developments in 1998 involving the Health Benefit Act, the Company experienced an increase in its assessments under the Health Benefit Act for the twelve month period beginning October 1, 1998, approximating $1.7 million, $1.1 million of which relates to retroactive assessments for years prior to 1998. This increase consists of charges for death benefits which are provided for by the Health Benefit Act, but which previously have been covered by other funding sources. As with all the Company's Health Benefit Act assessments, this amount is to be paid in 12 equal monthly installments over the plan year beginning October 1, 1998. The Company is unable to determine at this time whether any other additional amounts will apply in future plan years.

The Company currently estimates that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10 million per year for the next several years and should begin to decline thereafter as the number of such beneficiaries decreases. Based on the number of beneficiaries actually assigned by the SSA, the Company estimates the aggregate pretax liability relating to the Pittston Companies' beneficiaries at December 31, 1998 at approximately $216 million, which when discounted at 7.0% provides a present value estimate of approximately $99 million. The Company accounts for the obligation under the Health Benefit Act as a participant in a multi-employer plan and the annual cost is recognized on a pay-as-you-go basis.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain post-retirement health benefits for thousands of retired union mine workers and their dependents. Substantially all of the Company's accumulated postretirement benefit obligations as of December 31, 1998 for retirees of $282.7 million relates to such retired workers and their beneficiaries.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements, and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of the health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from

another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined.

EVERGREEN CASE

In 1988, the trustees of the 1950 Benefit Trust Funds and the 1974 Pension Benefit Trust Fund (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Company and the Minerals Group recognized in their financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case.

In late March 1996 a settlement was reached in the Evergreen Case. Under the terms of the settlement, the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25.8 million upon dismissal of the Evergreen Case and the remainder of $24.0 million in installments of $7.0 million in 1996 and $8.5 million in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second, third and fourth (last) payments of $7.0 million and $8.5 million were paid according to schedule and were funded by cash flows from operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan.

PROPERTIES

The principal properties of Pittston Coal are coal reserves, coal mines and coal preparation plants, all of which are located in Virginia, West Virginia and eastern Kentucky. Such reserves are either owned or leased. Leases of land or coal mining rights generally are either for a long-term period or until exhaustion of the reserves, and require the payment of a royalty based generally on the sales price and/or tonnage of coal mined from a particular property. Many leases or rights provide for payment of minimum royalties.

Pittston Coal's estimated proven and probable surface mining, deep mining and total coal reserves as of December 31, 1998 were 103 million, 397 million and 500 million tons, respectively. Such estimates represent economically recoverable and minable tonnage and include allowances for extraction and processing.

The decrease in total reserves over 1997 levels is primarily attributable to the sale in the second quarter of 1998 of the Elkay mining operation in West Virginia.

Of the 500 million tons of proven and probable coal reserves as of year-end 1998, approximately 60% has a sulphur content of less than 1% (which is generally regarded in the industry as low sulphur coal) and approximately 40% has a sulphur content greater than 1%. Approximately 36% of total proven and probable reserves consist of metallurgical grade coal.

As of December 31, 1998, Pittston Coal controlled approximately 536 million tons of additional coal deposits in the eastern United States, and approximately 170 million tons of low sulphur coal deposits in Sheridan County, Wyoming which cannot be expected to be economically recovered without market improvement and/or the application of new technologies.

Pittston Coal also owns other non-coal properties, such as land, hardwood forests and natural gas reserves. It owns approximately 225 thousand surface acres of land which includes approximately 125 thousand acres of saw timber grade hardwood forests, comprising approximately 435 million board feet. Most of the oil and gas rights are managed by an indirect wholly owned subsidiary of Pittston Coal which, in general, receives royalty and other income from gas development and operation by third parties. As of December 31, 1998, including royalty interests, net proven developed natural gas reserves located in Virginia and West Virginia approximated 3.5 Bcf. Pittston Coal also receives income from the sale of timber cutting rights on certain properties as well as from the operation of a sawmill.

Pittston Coal owns a 32.5% interest in Dominion Terminal Associates ("DTA"), which leases and operates a ground storage-to-vessel coal transloading facility in Newport News, Virginia. DTA has a throughput capacity of 22.0 million tons of coal per year and ground storage capacity of 2.0 million tons. A portion of Pittston Coal's share of the throughput and ground storage capacity of the DTA facility is subject to user rights of third parties which pay Pittston Coal a fee. The DTA facility serves export customers, as well as domestic coal users located on the eastern seaboard of the United States. For information relating to the financing arrangements for DTA, see page 87 of the Minerals Group's 1998 Annual Report which is incorporated herein by reference.

MINERAL VENTURES

Mineral Ventures' business is directed at locating and acquiring mineral assets, advanced stage projects and operating mines. Mineral Ventures continues to evaluate gold projects in North America and Australia. An exploration office operates from Reno, Nevada to coordinate Mineral Ventures' continuing exploration program in the Western United States. In 1998, Mineral Ventures expended approximately $4.6 million on all such programs.

Mineral Ventures primarily consists of a 50% direct interest in the Stawell gold mine ("Stawell") located in Western Victoria, Australia. The remaining 50% interest in Stawell is owned by Mining Project Investors ("MPI"). In addition, Mineral Ventures has a 51.5% ownership interest in its joint venture partner MPI. This ownership interest increased during 1998 from 34.1% to 51.5% (45% on a fully diluted basis) as a result of a sale by MPI

of its 50% interest in the Black Swan Nickel Joint Venture (including the Silver Swan Mine). The sale of the venture was to one of its shareholders, Outokumpu, for a combination of cash and Outokumpu's shareholding in MPI. The Stawell gold mine produced approximately 93,500 ounces of gold in 1998. Mineral Ventures estimates that on December 31, 1998, the Stawell gold mine had approximately 406,000 ounces of proven and probable gold reserves. In-mine and surface exploration at Stawell continue to generate positive results.

A substantial portion of Mineral Ventures' financial results is derived from activities in Australia, which has a local currency other than the US dollar. Because the financial results of Mineral Ventures are reported in US dollars, they are affected by the changes in the value of the foreign currency in relation to the US dollar. Rate fluctuations may adversely affect transactions which are denominated in the Australian dollar. Mineral Ventures routinely enters into such transactions in the normal course of its business. Mineral Ventures, from time to time, uses foreign currency forward contracts to hedge the currency risks associated with these transactions

Mineral Ventures is also subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions.

MATTERS RELATING TO FORMER OPERATIONS

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay for 80% of the remediation costs.

Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs, on an undiscounted basis, using existing technologies to be between $6.6 million and $11.2 million and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgment. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has agreements with three other groups of insurers. If these agreements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe, however, that recovery of a substantial portion of the cleanup costs ultimately will be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and on the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Company's results of operations or financial position.

ITEM 3. LEGAL PROCEEDINGS

Not applicable.

ITEM 4. SUBMISSION OF MATTER TO A VOTE OF SECURITY HOLDERS

Not applicable.

The Pittston Company and Subsidiaries
EXECUTIVE OFFICERS OF THE REGISTRANT

The following is a list as of March 15, 1999, of the names and ages of the executive and other officers of Pittston and the names and ages of certain officers of its subsidiaries, indicating the principal positions and offices held by each. There is no family relationship between any of the officers named.

Name	Age	Positions and Offices Held	Held Since
EXECUTIVE OFFICERS:			
Michael T. Dan	48	President and Chief Executive Officer	1998
		Chairman of the Board	1999
James B. Hartough	51	Vice President-Corporate Finance and Treasurer	1988
Frank T. Lennon	57	Vice President-Human Resources and Administration	1985
Austin F. Reed	47	Vice President, General Counsel and Secretary	1994
Robert T. Ritter	47	Vice President and Chief Financial Officer	1998
OTHER OFFICERS:			
Amanda N. Aghdami	30	Controller	1997
Jonathan M. Sturman	56	Vice President-Corporate Development	1995
Arthur E. Wheatley	56	Vice President and Director of Risk Management	1988
SUBSIDIARY OFFICERS:			
C. Robert Campbell	54	President and Chief Executive Officer of BAX Global Inc.	1998
Thomas W. Garges, Jr.	59	President and Chief Executive Officer of Pittston Coal Company	1999
Mark T. Gritton	49	President and Chief Operating Officer of Brink's, Incorporated	1998
Peter A. Michel	56	President and Chief Executive Officer of Brink's Home Security, Inc.	1988

Executive and other officers of Pittston are elected annually and serve at the pleasure of its Board of Directors.

Mr. Dan was elected President, Chief Executive Officer and Director of The Pittston Company on February 6, 1998 and was elected Chairman of the Board effective January 1, 1999. He also serves as Chief Executive Officer of Brink's Incorporated, a position he has held since July 1993 and as President and Chief Executive Officer of Brink's Holding Company, a position he has held since December 31, 1995. He also serves as Chairman of the Board of BAX Global Inc., a position he has held since February 1998. He also serves as Chairman of the Board of Pittston Mineral Ventures, a position he has held since August 31, 1998 and as Chairman of the Board of Pittston Coal Company, a position he has held since September 1, 1998. From August 1992 to July 1993 he served as President of North American operations of Brink's, Incorporated and as Executive Vice President of Brink's, Incorporated from 1985 to 1992.

Mr. Ritter joined The Pittston Company as Vice President and Chief Financial Officer in August of 1998. Prior thereto, he served as Chief Financial Officer of WLR Foods, Inc. from June 1996 to July 1998. From April 1995 to May 1996, he was a private investor and financial consultant and was Treasurer at American Cyanamid Company from March 1991 to January 1994 and Controller from February 1994 to March 1995.

Messrs. Hartough, Lennon, Reed, Sturman and Wheatley have served in their present positions for more than the past five years.

Ms. Aghdami was elected to her current position on November 7, 1997. She joined The Pittston Company in September 1996 as Manager of Financial Reporting. Prior to September 1996, she was Audit Manager with Ernst & Young LLP.

Mr. Campbell joined BAX Global Inc. in June 1998 as President and Chief Executive Officer. Before joining BAX Global, he served as Executive Vice President for Advantica Restaurant Group, Inc. from 1995 to June 1998. From 1991 to 1995 he served as Executive Vice President at Ryder System Inc.

Mr. Gritton was elected President and Chief Operating Officer in December 1998 after joining Brink's, Inc. in July 1997 as Executive Vice President of Brink's US Operations. Before joining Brink's, he worked at Deluxe Corporation where he served as president of its financial services group division.

Mr. Garges joined Pittston Coal Company on January 4, 1999 as President and Chief Executive Officer. Before joining Pittston Coal, he served as President and Chief Executive Officer of Rochester and Pittsburgh Coal Company. From 1971 to 1986, he was Executive Vice President - Operations for Pittston Coal and President of Pittston Coal's Pyxis operations.

Mr. Michel was elected President and Chief Executive Officer of Brink's Home Security, Inc. in April 1988. From 1985 to 1987, he served as President and Chief Executive Officer of Penn Central Technical Security Co.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The Company has three classes of common stock: Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, BAX Group and Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Brink's Group consists of the Brink's and BHS segments of the Company. The BAX Group consists of the BAX Global segment of the Company. The Minerals Group consists of the Pittston Coal and Mineral Ventures segments of the Company. The Company prepares separate Annual Reports for the Brink's, BAX and Minerals Groups, each of which includes the consolidated financial information of the Company.

Holders of Brink's Group, BAX Group and Minerals Group common stocks are shareholders of the Company, which continues to be responsible for all its liabilities. Accordingly, the financial statements of the Pittston Brink's Group, Pittston BAX Group and Pittston Minerals Group must be read in conjunction with the financial statements of The Pittston Company which are included in each Group's Annual Report.

Reference is made to page 88 of the Brink's Group 1998 Annual Report, page 91 of the BAX Group 1998 Annual Report and page 96 of the Minerals Group 1998 Annual Report, which are incorporated herein by reference, for information required by this item.

ITEM 6. SELECTED FINANCIAL DATA

Reference is made to pages 6 and 39 of the Brink's Group 1998 Annual Report, pages 7 and 41 of the BAX Group 1998 Annual Report and pages 6 and 47 of the Minerals Group 1998 Annual Report, which are incorporated herein by reference, for information required by this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

Reference is made to pages 7 through 16 and 40 through 55 of the Brink's Group 1998 Annual Report, pages 8 through 17 and 42 through 58 of the BAX Group 1998 Annual Report and pages 7 through 20 and 48 through 63 of the Minerals Group 1998 Annual Report, which are incorporated herein by reference, for information required by this item.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information regarding quantitative and qualitative disclosures about market risk is included in this report under Item 7.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to pages 17 through 37 and 56 through 87 of the Brink's Group 1998 Annual Report, pages 18 through 38 and 59 through 90 of the BAX Group 1998 Annual Report and pages 21 through 45 and 64 through 95 of the Minerals Group 1998 Annual Report, which are incorporated herein by reference, for information required by this item.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item regarding directors is incorporated by reference to Pittston's definitive proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 1998. The information regarding executive officers is included in this report following Item 4, under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Items 11 through 13 is incorporated by reference to Pittston's definitive proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 1998.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. All financial statements - see index to financial statements and schedules.

2. Financial statement schedules - see index to financial statements and schedules.

3. Exhibits - see exhibit index.

(b) Reports on Form 8-K were filed on (i) October 15, 1998, with respect to a press release filed by Mining Project Investors Pty Ltd., an affiliate of the Company, announcing the sale of its 50% interest in the Black Swan Nickel Joint Venture; (ii) November 13, 1998, with respect to an announcement by Pittston Minerals Group, that Mining Project Investors Pty Ltd. had completed the previously announced sale; and (iii) November 19, 1998, with respect to the Company's sale of additional shares of Pittston BAX Group Common Stock and Pittston Minerals Group Common Stock to The Pittston Company Employee Benefits Trust.

UNDERTAKING

For the purposes of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) under the Securities Act of 1933, the undersigned Registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into Registrant's Registration Statements on Form S-8 Nos. 2-64258, 33-2039, 33-21393, 33-23333, 33-69040, 33-53565 and 333-02219:

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The Pittston Company and Subsidiaries
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 12, 1999.

The Pittston Company
(Registrant)

By M. T. Dan
____
(M. T. Dan,
Chairman, President and
Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated, on March 12, 1999.

Signatures	Title
R. G. Ackerman*	Director
J. R. Barker*	Director
J. L. Broadhead*	Director
W. F. Craig*	Director
M. T. Dan _______________________________________ (M. T. Dan)	Chairman, President and Chief Executive Officer (principal executive officer)
G. Grinstein*	Director
R. M. Gross*	Director
C. F. Haywood*	Director
R. T. Ritter _______________________________________ (R. T. Ritter)	Vice President and Chief Financial Officer (principal accounting officer)
C. S. Sloane*	Director
R. H. Spilman*	Director
A. H. Zimmerman*	Director

*By M. T. Dan
____
(M. T. Dan, Attorney-in-Fact)

The Pittston Company and Subsidiaries
INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

FINANCIAL STATEMENTS:

The consolidated financial statements of The Pittston Company, Pittston Brink's Group, Pittston BAX Group and Pittston Minerals Group, listed in the index below which are included in the Annual Report of Pittston Brink's Group, Pittston BAX Group and Pittston Minerals Group, for the year ended December 31, 1998 are incorporated herein by reference. With the exception of the pages listed in the index below and the information incorporated by reference included in Parts I, II and IV, the 1998 Annual Reports of the Pittston Brink's Group, Pittston BAX Group and Pittston Minerals Group to Shareholders are not deemed filed as part of this report.

PITTSTON BRINK'S GROUP ANNUAL REPORT

PITTSTON BAX GROUP ANNUAL REPORT

PITTSTON MINERALS GROUP ANNUAL REPORT

FINANCIAL STATEMENT SCHEDULES:

Schedules are omitted because they are not material, not applicable or not required, or the information is included elsewhere in the financial statements.

The Pittston Company and Subsidiaries
EXHIBIT INDEX

Each Exhibit listed previously filed document is hereby incorporated by reference to such document.

Exhibit Number		Description
2		Membership Interest Acquisition Agreement Among Air Transport International LLC and BAX Global Inc., dated February 3, 1998. Exhibit 2 to the Registrant's Current Report on Form 8-K filed May 14, 1998.
3(i)		The Registrant's Articles of Correction. Exhibit 3(l) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 (the "First Quarter 1998 Form 10-Q").
3(ii)		The Registrant's Bylaws, as amended through January 1, 1999.
4(a)	(i)	Amendment dated as of July 1, 1997, to the Rights Agreement between Registrant and BankBoston, N.A., as successor Rights Agent. Exhibit 4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997.
	(ii)	Amended and Restated Rights Agreement dated as of January 19, 1996 (the "Rights Agreement"), between the Registrant and Chemical Mellon Shareholder Services, L.L.C., as Rights Agent. Exhibit 2 to the Registrant's Registration Statement on Form 8-A dated February 26, 1996 (the "Form 8-A").
	(iii)	Form of Right Certificate for Brink's Rights. Exhibit B-1 to Exhibit 2 to the Form 8-A.
	(iv)	Form of Right Certificate for Minerals Rights. Exhibit B-2 to Exhibit 2 to the Form 8-A.
	(v)	Form of Right Certificate for BAX Rights. Exhibit B-3 to Exhibit 2 to the Form 8-A.
		Instruments defining the rights of holders of long-term debt of the Registrant and its consolidated subsidiaries have been omitted because the amount of debt under any such instrument does not exceed 10% of the total assets of the Registrant and its consolidated subsidiaries. The Registrant agrees to furnish a copy of any such instrument to the Commission upon request.
10(a)*		The Key Employees Incentive Plan, as amended.
10(b)*		The Key Employees' Deferred Compensation Program, as amended. Exhibit 10(d) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995 (the "1995 Form 10-K").
10(c)*	(i)	The Registrant's Pension Equalization Plan as amended. Exhibit 10(e)(I) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997 (the "1997 Form 10-K").
	(ii)	Amended and Restated Trust Agreement, dated December 1, 1997, between Registrant and Chase Manhattan Bank, as Trustee. Exhibit 10(e)(ii) to the 1997 Form 10-K.
	(iii)	Trust Agreement under the Pension Equalization Plan, Retirement Plan for Non-Employee Directors and Certain Contractual Arrangements of The Pittston Company made as of September 16, 1994, by and between the Registrant and Chase Manhattan Bank (National Association), as Trustee. Exhibit 10(l) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994 (the "Third Quarter 1994 Form 10-Q").
	(iv)	Form of letter agreement dated as of September 16, 1994, between the Registrant and one of its officers. Exhibit 10(e) to the Third Quarter 1994 Form 10-Q.
	(v)	Form of letter agreement dated as of September 16, 1994, between the Registrant and Participants pursuant to the Pension Equalization Plan. Exhibit 10(f) to the Third Quarter 1994 Form 10-Q.
10(d)*		The Registrant's Executive Salary Continuation Plan. Exhibit 10(e) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1991 (the "1991 Form 10-K").
10(e)*		The Registrant's Non-Employee Directors' Stock Option Plan, as amended. Exhibit 10(g) to the 1997 Form 10-K.
10(f)*		The Registrant's 1988 Stock Option Plan, as amended. Exhibit 10(h) to the 1997 Form 10-K.

10(g)*	(i)	Employment Agreement dated as of May 1, 1993, between the Registrant and J.C. Farrell. Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993.

	(ii)	Amendment No. 1 to Employment Agreement dated as of May 1, 1993, between the Registrant and J. C. Farrell. Exhibit 10(h) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993.
	(iii)	Form of Amendment No. 2 dated as of September 16, 1994, to Employment Agreement dated as of May 1, 1993, as amended by Amendment No. 1 thereto dated March 18, 1994, between the Registrant and J. C. Farrell. Exhibit 10(b) to the Third Quarter 1994 Form 10-Q.
	(iv)	Amendment No. 3 to Employment Agreement dated as of May 1, 1996, between the Registrant and J.C. Farrell. Exhibit 10(i)(iv) to the 1995 Form 10-K.
	(v)	Amendment No. 4 to Employment Agreement, dated as of April 23, 1997, between the Registrant and J.C. Farrell. Exhibit 10(i)(v) to the 1997 Form 10-K.
10(h)*	(i)	Employment Agreement dated as of June 1, 1994, between the Registrant and D. L. Marshall. Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the Quarter ended June 30, 1994.
	(ii)	Form of Letter Agreement dated as of September 16, 1994, amending Employment Agreement dated as of June 1, 1994, between the Registrant and D. L. Marshall. Exhibit 10(c) to the Third Quarter 1994 Form 10-Q.
	(iii)	Form of Letter Agreement dated as of June 1, 1995, replacing all prior Employment Agreements and amendments or modifications thereto, between the Registrant and D. L. Marshall (the "Marshall Employment Agreement"). Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the Quarter ended June 30, 1995.
	(iv)	Letter Agreement dated as of April 1, 1996, amending the Marshall Employment Agreement. Exhibit 10(j)(iv) to the 1995 Form 10-K.
	(v)	Form of Letter Agreement dated as of June 1, 1997, replacing all prior Employment Agreements and amendments or modifications thereto, between the Registrant and D. L. Marshall. Exhibit 10(j)(v) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996 (the "1996 Form 10-K").
	(vi)	Form of Letter Agreement dated as of October 1, 1997, replacing all prior Employment Agreements and amendments or modifications thereto, between the Registrant and D. L. Marshall. Exhibit 10(b) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997.
	(vii)	Retirement Agreement, dated as of May 4, 1998, between the Registrant and D. L. Marshall. Exhibit 10(a) to the First Quarter 1998 Form 10-Q.
10(i)*	(i)	Form of change in control agreement replacing all prior change in control agreements and amendments and modifications thereto, between the Registrant and J. C. Farrell. Exhibit 10(l)(i) to the 1997 Form 10-K.
	(ii)	Form of change in control agreement replacing all prior change in control agreements and amendments and modifications thereto, between the Registrant (or a subsidiary) and various officers of the Registrant. Exhibit 10(l)(ii) to the 1997 Form 10-K.
10(j)*	Form of Indemnification Agreement entered into by the Registrant with its directors and officers. Exhibit 10(l) to the 1991 Form 10-K.	
10(k)*	(i)	Registrant's Retirement Plan for Non-Employee Directors, as amended. Exhibit 10(g) to the Third Quarter 1994 Form 10-Q.
	(ii)	Form of letter agreement dated as of September 16, 1994, between the Registrant and its Non-Employee Directors pursuant to Retirement Plan for Non-Employee Directors. Exhibit 10(h) to the Third Quarter 1994 Form 10-Q.
10(l)*	(i)	Form of severance agreement between Registrant and J.C. Farrell. Exhibit 10(o)(i) to the 1997 Form 10-K.
	(ii)	Form of severance agreement between the Registrant (or a subsidiary) and various of the Registrant's officers. Exhibit 10(o)(ii) to the 1997 Form 10-K.
10(m)*	Registrant's Directors' Stock Accumulation Plan. Exhibit A to the Registrant's Proxy Statement filed March 26, 1996.	

10(n)*	Registrant's Amended and Restated Plan for Deferral of Directors' Fees. Exhibit 10(o) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1989.

10(o)	(i)	Lease dated as of April 1, 1989, between Toledo-Lucas County Port Authority (the "Authority"), as Lessor, and Burlington, as Lessee. Exhibit 10(i) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1989 (the "Second Quarter 1989 Form 10-Q").
	(ii)	Lease Guaranty Agreement dated as of April 1, 1989, between Burlington (formerly Burlington Air Express Management Inc.), as Guarantor, and the Authority. Exhibit 10(ii) to the Second Quarter 1989 Form 10-Q.
	(iii)	Trust Indenture dated as of April 1, 1989 between the Authority and Society Bank & Trust (formerly, Trustcorp. Bank, Ohio) (the "Trustee"), as Trustee. Exhibit 10(iii) to the Second Quarter 1989 Form 10-Q.
	(iv)	Assignment of Basic Rent and Rights Under a Lease and Lease Guaranty dated as of April 1, 1989 from the Authority to the Trustee. Exhibit 10(iv) to the Second Quarter 1989 Form 10-Q.
	(v)	Open-End First Leasehold Mortgage and Security Agreement dated as of April 1, 1989 from the Authority to the Trustee. Exhibit 10(v) to the Second Quarter 1989 Form 10-Q.
	(vi)	First Supplement to Lease dated as of January 1, 1990, between the Authority and Burlington, as Lessee. Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1990.
	(vii)	Revised and Amended Second Supplement to Lease dated as of September 1, 1990, between the Authority and Burlington. Exhibit 10(i) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1990 (the "Third Quarter 1990 Form 10-Q").
	(viii)	Amendment Agreement dated as of September 1, 1990, among City of Toledo, Ohio, the Authority, Burlington and the Trustee. Exhibit 10(ii) to the Third Quarter 1990 Form 10-Q.
	(ix)	Assumption and Non-Merger Agreement dated as of September 1, 1990, among Burlington, the Authority and the Trustee. Exhibit 10(iii) to the Third Quarter 1990 Form 10-Q.
	(x)	First Supplemental Indenture between Toledo-Lucas County Port Authority, and Society National Bank, as Trustee, dated as of March 1, 1994. Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994 (the "First Quarter 1994 Form 10-Q").
	(xi)	Third Supplement to Lease between Toledo-Lucas County Port Authority, as Lessor, and Burlington Air Express Inc., as Lessee, dated as of March 1, 1994. Exhibit 10.2 to the First Quarter 1994 Form 10-Q.
	(xii)	Fourth Supplement to Lease between Toledo-Lucas County Port Authority, as Lessor, and Burlington Air Express Inc., as Lessee, dated as of June 1, 1991. Exhibit 10.3 to the First Quarter 1994 Form 10-Q.
	(xiii)	Fifth Supplement to Lease between Toledo-Lucas County Port Authority, as Lessor, and Burlington Air Express Inc., as Lessee, dated as of December 1, 1996. Exhibit 10(r)(xiii) to the 1996 Form 10-K.
10(p)*	(i)	Credit Agreement dated as of March 4, 1994, among The Pittston Company, as Borrower, Lenders Parties Thereto, Chemical Bank, Credit Suisse and Morgan Guaranty Trust Company of New York, as Co-agents, and Credit Suisse, as Administrative Agent (the "Credit Agreement"). Exhibit 10.4 to the First Quarter 1994 Form 10-Q.
	(ii)	Amendment to the Credit Agreement dated as of May 1, 1995. Exhibit 10(s)(ii) to the 1995 Form 10-K.
	(iii)	Amendment to Credit Agreement dated as of May 15, 1996. Exhibit 10(t)((iii) to the 1996 Form 10-K.
10(q)*	Retirement Agreement dated March 11, 1998 between the Registrant and J. C. Farrell. Exhibit 10(v) to the 1997 Form 10-K.	
10(r)*	Employment Agreement dated as of May 4, 1998, between the Registrant and M. T. Dan. Exhibit 10(a) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 (the "Third Quarter 1998 Form 10-Q").	
10(s)*	Executive Agreement dated as of May 4, 1998, between the Registrant and M. T. Dan. Exhibit 10(b) to the Third Quarter 1998	

Form 10-Q.

10(t)*	Executive Agreement dated as of August 7, 1998, between the Registrant and R. T. Ritter. Exhibit 10(c) to the Third Quarter 1998 Form 10-Q.

10(u)*	Severance Agreement dated as of August 7, 1998, between the Registrant and R. T. Ritter. Exhibit 10(d) to the Third Quarter 1998 Form 10-Q.
10(v)*	Share Purchase Agreement, dated as of January 27, 1998, between Brink's Security International, Inc., acting as Purchaser, and Generale de Transport et D'Industrie, acting as Seller.
10(w)*	Shareholders' Agreement, dated as of January 10, 1997, between Brink's Security International, Inc., and Valores Tamanaco, C.A.
13	(a) Pittston Brink's Group 1998 Annual Report
	(b) Pittston BAX Group 1998 Annual Report
	(c) Pittston Minerals Group 1998 Annual Report
21	Subsidiaries of the Registrant.
23	Consent of independent auditors.
24	Powers of attorney.
27	Financial Data Schedule.
99*	(a) Amendment to Registrant's Pension-Retirement Plan relating to preservation of assets of the Pension-Retirement Plan upon a change in control. Exhibit 99 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992.
	(b) 1994 Employee Stock Purchase Plan of The Pittston Company's Annual Report on Form 11-K for the year ended December 31, 1998.

- --------------------------
*Management contract or compensatory plan or arrangement.

STATEMENT OF DIFFERENCES

The trademark symbol shall be expressed as..............................'TM'

The registered trademark symbol shall be expressed as...................'r'

Exhibit 3(ii)

THE PITTSTON COMPANY

BYLAWS
(As amended through January 1, 1999)

ARTICLE I

NAME

The name of the corporation is The Pittston Company.

ARTICLE II

OFFICES

1. The corporation shall maintain a registered office and a registered agent in the Commonwealth of Virginia as required by the laws of said Commonwealth.

2. The corporation shall in addition to its registered office in the Commonwealth of Virginia establish and maintain an office or offices at such place or places as the Board of Directors may from time to time find necessary or desirable.

ARTICLE III

CORPORATE SEAL

The corporate seal of the corporation shall have inscribed thereon the name of the corporation, the fact of its establishment in the Commonwealth of Virginia and the words "Corporate Seal". Such seal may be used by causing it or a facsimile thereof to be impressed, affixed, printed or otherwise reproduced.

ARTICLE IV

MEETINGS OF SHAREHOLDERS

1. Meetings of the shareholders shall be held at such place, within or without the Commonwealth of Virginia, as the Board may determine.

2. The annual meeting of the shareholders shall be held on the second Wednesday in May at ten o'clock in the forenoon, local time, or on such other day or at such other time as the Board may determine. At each annual meeting of the shareholders they shall elect by plurality vote, in accordance with the Articles of Incorporation and these bylaws, directors to hold office until the third annual meeting of the shareholders held after their election and their successors are respectively elected and qualified or as otherwise provided by statute, the Articles of Incorporation or these bylaws. Any other proper business may be transacted at the annual meeting. The chairman of the meeting shall be authorized to declare whether any business is properly brought before the meeting, and, if he shall declare that it is not so brought, such business shall not be transacted. Without limiting the generality of the foregoing, the chairman of the meeting may declare that matters relating to the conduct of the ordinary business operations of the corporation are not properly brought before the meeting.

3. A majority of the votes entitled to be cast on a matter shall constitute a quorum for action on that matter at all meetings of the shareholders, except as otherwise provided by statute, the Articles of Incorporation or these bylaws. The shareholders entitled to vote thereat, present in person or by proxy, or the chairman of the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting before adjournment (except as otherwise provided by statute). At such adjourned meeting any business may be transacted which might have been transacted at the meeting as originally notified.

4. At all meetings of the shareholders each shareholder having the right to vote shall be entitled to vote in person, or by proxy appointed by an appointment form signed by such shareholder and bearing a date not more than eleven months prior to said meeting, unless such form provides for a longer period. All proxies shall be effective when received by the Secretary or other officer or agent of the corporation authorized to tabulate votes.

5. Except as otherwise provided in the Articles of Incorporation, at each meeting of the shareholders each shareholder shall have one vote for each share having voting power, registered in his name on the share transfer books of the corporation at the record date fixed in accordance with these bylaws, or otherwise determined, with respect to such meeting. Except as otherwise expressly provided by statute, the Articles of Incorporation or these bylaws, action on a matter, other than the election of directors, by a voting

group is approved if a quorum exists and the votes cast within the voting group favoring the action exceed the votes cast opposing the action.

6. Except as otherwise prescribed by statute, notice of each meeting of the shareholders shall be given to each shareholder entitled to vote thereat not less than 10 nor more than 60 days before the meeting. Such notice shall state the date, time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

7. Except as otherwise prescribed by statute, special meetings of the shareholders for any purpose or purposes may be called by the Chairman of the Board and shall be called by the Chairman of the Board or the Secretary by vote of the Board of Directors.

8. Business transacted at each special meeting shall be confined to the purpose or purposes stated in the notice of such meeting.

9. The order of business at each meeting of the shareholders and the voting and other procedures to be observed at such meeting shall be determined by the chairman of such meeting.

10. Subject to the rights of holders of shares of the Preferred Stock of the corporation, nominations for the election of directors shall be made by the Board of Directors or by any shareholder entitled to vote in elections of directors. However, any shareholder entitled to vote in elections of directors may nominate one or more persons for election as directors at an annual meeting only if written notice of such shareholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States registered or certified mail, postage prepaid, to the Secretary of the corporation not less than 120 and not more than 180 calendar days in advance of the date on which the corporation's proxy statement was released to shareholders in connection with the immediately preceding annual meeting. Each notice shall set forth (i) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated, (ii) a representation that the shareholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, (iii) the class and number of shares of the corporation that are owned by the shareholder, (iv) a description of all arrangements, understandings or relationships between the shareholder and each nominee and any other person or persons (naming such person or persons)

pursuant to which the nomination or nominations are to be made by the shareholder and (v) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors, and shall include a consent signed by each such nominee to serve as a director of the corporation if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

11. To be properly brought before an annual meeting of shareholders, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors or (iii) otherwise properly brought before the annual meeting by a shareholder. In addition to any other applicable requirements, for business to be properly brought before a meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a shareholder's notice must be given, either by personal delivery or by United States registered or certified mail, postage prepaid, to the Secretary of the corporation not less than 120 and not more than 180 calendar days in advance of the date on which the corporation's proxy statement was released to shareholders in connection with the immediately preceding annual meeting. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting, including the complete text of any resolutions to be presented at such meeting with respect to such business, and the reasons for conducting such business at the annual meeting, (ii) the name and address of record of the shareholder proposing such business, (iii) a representation that the shareholder is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose the business specified in the notice, (iv) the class and number of shares of the corporation that are owned by the shareholder, (v) any material interest of the shareholder in such business and (vi) full particulars as to the relationship, if any, of such shareholder to any other person that such shareholder knows or has reason to believe intends to bring one or more other items of business before the meeting. In the event that a shareholder attempts to bring business before an annual meeting without complying with the foregoing procedure, the chairman of the meeting may declare to the meeting that the business was not

properly brought before the meeting and, if he shall so declare, such business shall not be transacted.

ARTICLE V

DIRECTORS

1. All corporate powers shall be exercised by or under the authority of, and the business and affairs shall be managed under the direction of, the Board of Directors, subject to any limitation set forth in the Articles of Incorporation.

2. The Board shall consist of not less than nine or more than fifteen members.

3. The Board of Directors shall consist of eleven members. The terms of office of the directors shall be staggered and shall otherwise be determined, as provided in these bylaws, subject to the Articles of Incorporation and applicable laws. Such terms shall be divided into three groups, two of which shall consist of three directors and the third of which shall consist of four directors.

4. The number of directors may at any time be increased or decreased, within the variable range established by the Articles of Incorporation and these bylaws, by amendment of these bylaws. In case of any such increase the Board shall have power to elect any additional director to hold office until the next shareholders' meeting at which directors are elected. Any decrease in the number of directors shall take effect at the time of such amendment only to the extent that vacancies then exist; to the extent that such decrease exceeds the number of such vacancies, the decrease shall not become effective, except as further vacancies may thereafter occur by expiration of the term of directors at the next shareholders' meeting at which directors are elected, or otherwise.

5. If the office of any director becomes vacant, by reason of death, resignation, increase in the number of directors or otherwise, the directors remaining in office, although less than a quorum, may fill the vacancy by the affirmative vote of a majority of such directors.

6. The Board of Directors, at its first meeting after the annual meeting of shareholders, shall choose a Chairman of the Board from among the directors.

7. Any director may resign at any time by delivering written notice of his resignation to the Board of Directors

or the Chairman of the Board. Any such resignation shall take effect upon such delivery or at such later date as may be specified therein. Any such notice to the Board may be addressed to it in care of the Secretary.

8. The Chairman of the Board shall preside at meetings of the Board of Directors, and shall have the powers and duties usually and customarily associated with the position of a non-executive Chairman of the Board.

9. In case of the absence of the Chairman of the Board, the Board member with the longest tenure on the Board shall preside at meetings of the shareholders and of the Board of Directors. He shall have such other powers and duties as may be delegated to him by the Chairman of the Board.

ARTICLE VI

COMMITTEES OF DIRECTORS

There shall be an Executive Committee, an Audit and Ethics Committee, a Compensation and Benefits Committee, a Finance Committee, a Nominating Committee and a Pension Committee, and the Board of Directors may create one or more other committees. Each committee of the Board of Directors shall consist of two or more directors of the corporation who shall be appointed by, and shall serve at the pleasure of, the Board. The Executive Committee, to the extent determined by the Board but subject to limitations expressly prescribed by statute, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the corporation. The Audit and Ethics Committee, the Compensation and Benefits Committee, the Finance Committee, the Nominating Committee and the Pension Committee and each such other committee shall have such of the powers and authority of the Board as may be determined by the Board. Each committee shall report its proceedings to the Board when required. Provisions with respect to the Board of Directors which are applicable to meetings, actions without meetings, notices and waivers of notice and quorum and voting requirements shall also be applicable to each committee, except that a quorum of the Executive Committee shall consist of one third of the number of members of the Committee, three of whom are not employees of the Company or any of its subsidiaries.

ARTICLE VII

COMPENSATION OF DIRECTORS

The Board of Directors may fix the compensation of the directors for their services, which compensation may include an annual fee, a fixed sum and expenses for attendance at regular or special meetings of the Board or any committee thereof, pension benefits and such other amounts as the Board may determine. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

ARTICLE VIII

MEETINGS OF DIRECTORS; ACTION WITHOUT A MEETING

1. Regular meetings of the Board of Directors may be held pursuant to resolutions from time to time adopted by the Board, without further notice of the date, time, place or purpose of the meeting.

2. Special meetings of the Board of Directors may be called by the Chairman of the Board on at least 24 hours' notice to each director of the date, time and place thereof, and shall be called by the Chairman of the Board or by the Secretary on like notice on the request in writing of a majority of the total number of directors in office at the time of such request. Except as may be otherwise required by the Articles of Incorporation or these bylaws, the purpose or purposes of any such special meeting need not be stated in such notice.

3. The Board of Directors may hold its meetings, have one or more offices and, subject to the laws of the Commonwealth of Virginia, keep the share transfer books and other books and records of the corporation, within or without said Commonwealth, at such place or places as it may from time to time determine.

4. At each meeting of the Board of Directors the presence of a majority of the total number of directors in office immediately before the meeting begins shall be necessary and sufficient to constitute a quorum for the transaction of business, and, except as otherwise provided by the Articles of Incorporation or these bylaws, if a quorum shall be present the affirmative vote of a majority of the directors present shall be the act of the Board.

5. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if one or more written consents stating the action taken, signed by each director either before or after the action is taken, are included in the minutes or filed with

the corporate records. Any or all directors may participate in any regular or special meeting of the Board, or conduct such meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other, and a director participating in a meeting by this means shall be deemed to be present in person at such meeting.

ARTICLE IX

OFFICERS

1. The officers of the corporation shall be chosen by the Board of Directors and shall be a Chief Executive Officer, a President, one or more Vice Presidents, a General Counsel, a Treasurer and a Secretary. The Board may also appoint a Controller and one or more Executive Vice Presidents, Senior Vice Presidents, Assistant Treasurers, Assistant Controllers and Assistant Secretaries, and such other officers as it may deem necessary or advisable. Any number of offices may be held by the same person. The Board may authorize an officer to appoint one or more other officers or assistant officers. The officers shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be prescribed from time to time by the Board or by direction of an officer authorized by the Board to prescribe duties of other officers.

2. The Board of Directors, at its first meeting after the annual meeting of shareholders, shall choose the officers, who need not be members of the Board.

3. The salaries of all officers of the corporation shall be fixed by the Board of Directors, or in such manner as the Board may prescribe.

4. The officers of the corporation shall hold office until their successors are chosen and qualified. Any officer may at any time be removed by the Board of Directors or, in the case of an officer appointed by another officer as provided in these bylaws, by such other officer. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board or, in the case of an officer so appointed, by such other officer.

5. Any officer may resign at any time by delivering notice of his resignation to the Board of Directors or the Chairman of the Board. Any such resignation may be effective when the notice is delivered or at such later date as may be specified therein if the corporation accepts such later date. Any such notice to the Board shall be addressed to it in care of the Chairman of the Board or the Secretary.

ARTICLE X

CHIEF EXECUTIVE OFFICER

Subject to the supervision and direction of the Board of Directors, the Chief Executive Officer shall be responsible for managing the affairs of the corporation and shall preside at meetings of the shareholders. The Chief Executive Officer shall have supervision and direction of all of the other officers of the corporation.

ARTICLE XI

PRESIDENT

The President shall be the chief operating officer of the corporation and shall perform such duties as may be prescribed by these bylaws, or by the Chief Executive Officer. The President shall, in case of the absence or inability of the Chief Executive Officer to act, have the powers and perform the duties of the Chief Executive Officer.

ARTICLE XII

EXECUTIVE VICE PRESIDENTS,
SENIOR VICE PRESIDENTS
AND VICE PRESIDENTS

1. The Executive Vice Presidents, the Senior Vice Presidents and the Vice Presidents shall have such powers and duties as may be delegated to them by the Chief Executive Officer.

ARTICLE XIII

GENERAL COUNSEL

The General Counsel shall be the chief legal officer of the corporation and the head of its legal department. He shall, in general, perform the duties incident to the office of General Counsel and shall have such other powers and duties as may be delegated to him by the Chief Executive Officer.

ARTICLE XIV

TREASURER

The Treasurer shall be responsible for the care and custody of all the funds and securities of the corporation. The Treasurer shall render an account of the financial condition and operations of the corporation to the Board of Directors or the Chief Executive Officer as often as the Board or the Chief Executive Officer shall require. He or she shall have such other powers and duties as may be delegated to him or her by the Chief Executive Officer.

ARTICLE XV

CONTROLLER

The Controller shall maintain adequate records of all assets, liabilities and transactions of the corporation, and shall see that adequate audits thereof are currently and regularly made. The Controller shall disburse the funds of the corporation in payment of the just obligations of the corporation, or as may be ordered by the Board of Directors, taking proper vouchers for such disbursements. The Controller shall have such other powers and duties as may be delegated to the Controller by the Chief Executive Officer.

ARTICLE XVI

SECRETARY

The Secretary shall act as custodian of the minutes of all meetings of the Board of Directors and of the shareholders and of the committees of the Board of Directors. He or she shall attend to the giving and serving of all notices of the corporation, and the Secretary or any Assistant Secretary shall attest the seal of the corporation upon all contracts and instruments executed under such seal. He or she shall also be custodian of such other books and records as the Board or the Chief Executive Officer may direct. He or she shall have such other powers and duties as may be delegated to him or her by the Chief Executive Officer.

ARTICLE XVII

TRANSFER AGENTS AND REGISTRARS;
CERTIFICATES OF STOCK

1. The Board of Directors may appoint one or more transfer agents and one or more registrars for shares of capital stock of the corporation and may require all cer-

tificates for such shares, or for options, warrants or other rights in respect thereof, to be countersigned on behalf of the corporation by any such transfer agent or by any such registrar.

2. The certificates for shares of the corporation shall be numbered and shall be entered on the books of the corporation as they are issued. Each share certificate shall state on its face the name of the corporation and the fact that it is organized under the laws of the Commonwealth of Virginia, the name of the person to whom such certificate is issued and the number and class of shares and the designation of the series, if any, represented by such certificate and shall be signed by the Chief Executive Officer, the President, an Executive or Senior Vice President or a Vice President and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary. Any and all signatures on such certificates, including signatures of officers, transfer agents and registrars may be facsimile. In case any officer who has signed or whose facsimile signature has been placed on any such certificate shall have ceased to be such officer before such certificate is issued, then, unless the Board of Directors shall otherwise determine and cause notification thereof to be given to such transfer agent and registrar, such certificate shall nevertheless be valid and may be issued by the corporation (and by its transfer agent) and registered by its registrar with the same effect as if he were such officer at the date of issue.

ARTICLE XVIII

TRANSFERS OF STOCK

1. All transfers of shares of the corporation shall be made on the books of the corporation by the registered holders of such shares in person or by their attorneys lawfully constituted in writing, or by their legal representatives.

2. Certificates for shares of stock shall be surrendered and canceled at the time of transfer.

3. To the extent that any provision of the Amended and Restated Rights Agreement dated as of January 19, 1996, between the corporation and Chemical Bank, as Rights Agent (the "Rights Agreement"), or the Amendment thereto, dated as of July 31, 1997, between the corporation and BankBoston, N.A., as successor rights agent, imposes a restriction on the transfer of any securities of the corporation, including, without limitation, the Rights, as defined in the

Amended and Restated Rights Agreement, such restriction is hereby authorized.

4. Article 14.1 of Chapter 9 of Title 13.1 of the Code of Virginia, titled "Control Share Acquisitions," shall not apply to acquisitions of shares of the corporation.

ARTICLE XIX

FIXING RECORD DATE

In order to make a determination of shareholders for any purpose, including those who are entitled to notice of and to vote at any meeting of shareholders or any adjournment thereof, or entitled to express consent in writing to any corporate action without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, the Board of Directors may fix in advance a record date which shall not be more than 70 days before the meeting or other action requiring such determination. Except as otherwise expressly prescribed by statute, only shareholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or entitled to express such consent, or entitled to receive payment of such dividend or other distribution or allotment of rights, or entitled to exercise such rights in respect of change, conversion or exchange, or to take such other action, as the case may be, notwithstanding any transfer of shares on the share transfer books of the corporation after any such record date fixed as aforesaid.

ARTICLE XX

REGISTERED SHAREHOLDERS

The corporation shall be entitled to treat the holder of record of any share or shares as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the Commonwealth of Virginia.

ARTICLE XXI

CHECKS

All checks, drafts and other orders for the payment of money and all promissory notes and other evidences of indebtedness of the corporation shall be signed in such manner as may be determined by the Board of Directors.

ARTICLE XXII

FISCAL YEAR

The fiscal year of the corporation shall end on December 31 of each year.

ARTICLE XXIII

NOTICES AND WAIVER

1. Whenever by statute, the Articles of Incorporation or these bylaws it is provided that notice shall be given to any director or shareholder, such provision shall not be construed to require personal notice, but such notice may be given in writing, by mail, by depositing the same in the United States mail, postage prepaid, directed to such shareholder or director at his address as it appears on the records of the corporation, or, in default of other address, to such director or shareholder at the registered office of the corporation in the Commonwealth of Virginia, and, except for any meeting of directors to be held within 48 hours after such notice, shall be deemed to be given at the time when the same shall be thus deposited. Notice of special meetings of the Board of Directors may also be given to any director by telephone, by telex or telecopy, or by telegraph or cable, and in case of notice so given otherwise than by telephone, the notice shall be deemed to be given at the time such notice, addressed to such director at the address hereinabove provided, shall be acknowledged by reply telex or telecopy or shall be transmitted or delivered to and accepted by an authorized telegraph or cable office, as the case may be.

2. Whenever by statute, the Articles of Incorporation or these bylaws a notice is required to be given, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, and filed with the corporate records or the minutes of the meeting, shall be equivalent to notice. Attendance of any shareholder or director at any meeting thereof shall constitute a waiver of notice of such meeting by such shareholder or

director, as the case may be, except as otherwise provided by statute.

ARTICLE XXIV

BYLAWS

The Board of Directors shall have the power to make, amend or repeal bylaws of the corporation.

Exhibit 10(a)

PLAN DOCUMENT

THE KEY EMPLOYEES INCENTIVE PLAN

OF THE PITTSTON COMPANY

(Including Amendments Adopted on 03/14/97)

THE PITTSTON COMPANY

03/97

THE PITTSTON COMPANY

Key Employees Incentive Plan

1. Purpose. The Key Employees Incentive Plan (the "Plan") of The Pittston Company (the "Company") represents a continuation and formalization of the Company's compensation policies and practices generally observed by it in the past. The purpose of the Plan is to provide greater incentives for certain key management, professional and technical employees, including certain officers, whose performance in fulfilling the responsibilities of their positions can significantly affect the profitable growth of the Company or its operating units. The Plan provides an opportunity to earn additional compensation in the form of cash incentive payments based on the employee's individual performance and on the results achieved by the Company (or appropriate Operating Group), and by the operating or staff unit for which the employee performs services.

2. Administration. The Plan shall be administered by the Chief Executive Officer of the Company, subject to the provisions of the Plan, and subject to overall policy and administrative guidelines as the Compensation and Benefits Committee (the "Committee") of the Company's Board of Directors and the Board shall adopt annually as respects each Plan year.

3. Eligibility for Participation. Each year the Chief Executive Officer, upon advice from appropriate levels of management, shall select the key managerial, professional or technical employees of the Company or any of its subsidiaries who are to be eligible for participation in the Plan during that year. Prior to March 1st (or such later date as the Chairman of the Committee shall approve) of each year the Chief Executive Officer shall submit to the Committee for its review and approval a list of employees proposed for participation in the Plan for such year, together with relevant information as to the identity and qualifications of such proposed participants. From time to time thereafter the Chief Executive Officer may

during such year propose any other employee or employees for participation in the Plan for such year, subject to review and approval by the Committee.

The selection of an employee for participation in any year shall not constitute entitlement either to an incentive payment under the Plan for that year nor to selection for participation in any subsequent calendar year. Unless otherwise determined by the Committee in its sole discretion, an employee shall not be eligible for any incentive payment with respect to a particular year if he or she ceases to be an employee prior to the end of such year. Directors of the Company who are not officers of the Company or any of its subsidiaries shall not be eligible for participation in the Plan.

4. Determination of Target Incentives. At the time of the initial selection for participation in the Plan for a particular year, the Chief Executive Officer shall determine a target incentive or a target incentive range for that employee with respect to that year. Such incentive or range (which shall give effect to limitations prescribed pursuant to the last paragraph of Section 5 below) shall be indicative of the incentive payment which the employee might expect to receive on the basis of strong performance by such employee, by the Company (or Operating Group) and by such employee's operating or staff unit. As promptly as practicable thereafter, the Chief Executive Officer shall submit to the Committee for its review and approval (i) a general description of the performance standards and objectives which formed the basis for such target incentive range and the weighing of those standards and objectives in relation to individual performance, and (ii) an estimate of the aggregate amount that might be payable for that year under the Plan. In so far as practicable, such review by the Chief Executive Officer with the Committee shall take place at the time when the list of proposed participants in the Plan is initially submitted as provided in Section 3 above. Thereafter, the Chief Executive Officer shall keep the Committee advised with respect to any material changes, upward or downward, in such estimate.

5. Cash Incentive Payments; Limitations. Promptly after the end of each year, the performance of each employee selected for participation in the Plan for that year, as well as the performance of the Company (or appropriate Operating Group) and the employee's operating or staff unit, shall be evaluated in accordance with the overall policy and administrative guidelines adopted pursuant to Section 2 above. The Chief Executive Officer shall, on the basis of such evaluation, determine whether a cash incentive payment shall be made to such employee for that year, and, if so, the amount of such payment, subject to review and consultation with the Committee. The Committee shall review and approve (which approval may in the Committee's sole discretion be made subject to the further approval of the Board of Directors) the Chief Executive Officer's determinations with respect to Incentive Payments, for senior executive officers, and with respect to the aggregate amount, if any, of all cash incentive payments to be made for such year, and shall submit its recommendations to the Board of Directors. The Committee shall also be responsible for recommending to the Board of Directors any incentive payment with respect to the Chief Executive Officer and any other officers who are also directors of the Company. The Board shall approve any such payments, as well as the aggregate amount, if any, of all other incentive payments for such year. The Chief Executive Officer shall, if necessary, adjust the amount of individual payments in conformity with the actions taken by the Board of Directors. Each such payment shall be made as soon as practicable after such Board approval unless otherwise determined by the Board in its sole discretion with respect to any one or more participants.

The Board may from time to time establish for any year criteria (whether based on pre-tax income, return on investment or a percentage of salary or on other factors) by which the aggregate amount of all incentive awards or the amount of individual awards for such year shall be limited. In no event, however, shall any award for any year to any participant in the Plan exceed an amount equal to such participant's base salary (i.e., regular salary exclusive of any bonuses, commissions, amounts credited or paid under any benefit plan of the Company or any of its subsidiaries, and

such other compensation as may from time to time be excluded by the Board for purposes hereof) for such year.

6. Non-Assignability, etc. No employee, no person claiming through such employee, nor any other person shall have any right or interest under the Plan, or in its continuance, or in the payment of any amount under the Plan, unless or until all the provisions of the Plan, the rules adopted thereunder, and any restrictions and limitations on the payment itself have been fully complied with. No rights under the Plan, contingent or otherwise, shall be transferable, assignable or subject to any pledge or encumbrance of any nature, nor shall the Company or any of its subsidiaries be obligated, except as otherwise required by law, to recognize or give effect to any such transfer, assignment, pledge or encumbrance.

7. General Provisions. The benefits provided for employees under the Plan shall be in addition to, and in no way preclude other forms of compensation to or in respect of such employee. However, the selection of an employee for participation in the Plan shall not give such employee any right to be retained in the employ of the Company or any of its subsidiaries, either for any part of the year for which he or she may have been selected to participate in the Plan, or for any subsequent period.

   The right of the Company and of each such subsidiary to dismiss or discharge any such employee at any time is specifically reserved.

   All payments pursuant to the Plan shall be subject to withholding in respect of income and other taxes required by law to be withheld.

8. Amendment or Termination. The Board of Directors may from time to time amend any of the provisions of the Plan other than the last sentence of Section 5 above, or may at any time terminate the Plan, but no amendment or termination shall

serve to cancel any incentive payment for any year which has been approved by the Board. All actions taken in conformity with the Plan shall be final, conclusive and binding on all parties, including employees participating in the Plan.

All actions of the Board of Directors under the Plan shall be taken at a meeting thereof, a quorum being present, by a majority of the Directors who are not officers or employees of the Company or any of its subsidiaries.

SHARE PURCHASE AGREEMENT

Between

BRINK'S SECURITY INTERNATIONAL, INC.

acting as Purchaser

And

GENERAL DE TRANSPORT ET D'INDUSTRIE

acting as Seller

Dated January 27, 1998

SHARE PURCHASE AGREEMENT

BETWEEN:

BRINK'S SECURITY INTERNATIONAL, INC., a Delaware (U.S.A.) company, the office of which is at One Thorndal Circle, P.O. Box 1225, Darien, Connecticut 06820 (United States of America), incorporated under the laws of the State of Delaware, represented by Mr. Christopher P. Corrini in his capacity as Senior Vice-President Finance,

(hereinafter called the "Purchaser")

ON THE FIRST PART,

AND:

GENERALE DE TRANSPORT ET D'INDUSTRIE, a French societe anonyme with a share capital of FRF 251,127,000, the registered office of which is at 1, rue de Berri, 75008 Paris (France) registered with the Register of Commerce and Companies of Paris under number B 552 111-809, represented by Mr. Olivier Barbaroux in his capacity as Chairman of the Board of directors,

(hereinafter called the "Seller")

ON THE SECOND PART,

(hereinafter for time to time collectively referred to as the "Parties" and individually as a "Party")

WHEREAS:

1. Brink's S.A. (the "Company") is a French societe anonyme with a share capital of FRF 6,636,100, the registered office of which is at 49, rue de Provence, 75009 Paris, France, registered with the Register of Commerce and Companies of Paris under the reference B 672 009 636.

The Company does not own any share of capital stock of any class whatsoever, nor any share of the capital of any company whatsoever, is not a member of any partnership or association whatsoever and does not have any subsidiaries, branches or other operating premises, other than (i) as set forth in Schedule A hereto, (ii) investments in treasury instruments or (iii) holdings which are listed in Schedule B hereto (the "Holdings").

The subsidiaries of the Company listed in Schedule A hereto are hereinafter referred to as "Subsidiaries" and the Company and the Subsidiaries are hereinafter referred to collectively as the "Brink's Group".

2. The share capital of the Company is broken down as follows:

-- The Seller	41,048 shares
-- The Purchaser	25,191 shares
-- Mr. Robert Klein	54 shares
-- Mr. Francois Guiraud	23 shares
-- Mr. Bernard Cedille	10 shares
-- Mr. Pierre Garnier.	10 shares
-- Mr. Rober Lala	7 shares
-- Brink's, Incorporated	4 shares
-- Mr. Raymond Huppert	3 shares
-- Mrs. Marie-Jose Reneuve	3 shares
-- Mr. Robert Sigrist	3 shares
-- Mr. John Walsh	3 shares
-- Mr. Glenn M. Mason	1 share
-- Mr. Jean-Francois Varagne	1 share
TOTAL	66,361 shares

3. The 41,048 shares of the Company held by the Seller are, unless the context otherwise requires, referred to hereinafter as the "Shares".

4. The Purchaser is prepared to acquire the Shares from the Seller and the Seller is prepared to sell the Shares to the Purchaser pursuant to the terms and conditions of this Agreement.

5. The Purchaser holds approximately 38% of the share capital of the Company and three of its representatives hold seats on the Board of Directors of the Company.

The Seller holds approximately 62% of the share capital of the Company and four of its representatives hold seats on the Board of Directors of the Company.

The President of the Board of Directors of the Company was mutually appointed by the Seller and the Purchaser.

6. The Company's workers' council has met and has been provided with all necessary information.

CONSEQUENTLY, IT HAS BEEN AGREED AS FOLLOWS:

SECTION I-SALE

Article 1 - Sale of the Shares

In accordance with the provisions of this Agreement, the Seller sells and transfers the Shares to the Purchaser, which agrees to purchase the Shares, subject to the conditions set forth in Section 2 hereof (the "Sale").

As a result of the Sale, the Purchaser has good title and ownership of the Shares together with all rights attached thereto or accruing thereon, and is subrogated to the Seller in respect of all the rights and obligations attached to the Shares sold.

The Shares are sold with dividend attached with regard to the fiscal year ended December 31, 1997.

Article 2 - Purchase Price

2.1. The Shares are sold and purchased, subject to the terms and conditions of this Agreement, for a total price of (the "Price") two hundred and thirty-five million French francs (FRF 235,000,000).

2.2. Payment of the Price shall be made as follows:

- --fifty three million five hundred thousand French francs (FRF 53,500,000) (the "Down Payment") are paid on the date hereof by wire transfer or by any other immediately available funds means for value as of the date hereof;

- --the balance, i.e. one hundred eighty one million five hundred thousand French francs (FRF 181,500,000) will be paid to the Seller in three (3) installments (the "Installments"), by wire transfer or by any other immediately available funds means for value as of the dates set forth below, on account no. 0324025050V with Via Banque, 10 rue Volney, 75002 Paris, at each of the subsequent three (3) dates below, such Installments being as follows:

  on January 27, 1999: FRF 63,250,000

  on January 27, 2000: FRF 60,500,000

  on January 29, 2001: FRF 57,750,000

2.3. Payment of the Installments is guaranteed by an irrevocable letter of credit issued by Credit Suisse First Boston, New York substantially in the form of Schedule 2.3. (the "Bank Guarantee"). The Purchaser undertakes to reimburse, at first demand of the Seller, all the costs, fees, charges and commissions incurred by the Seller in connection with the Bank Guarantee within a maximum amount of FRF 1,000.

ARTICLE 3 - TRANSFER

As a result of the Sale and in order to transfer the property of the Shares as of the date hereof:

(a) the Purchaser delivers to the Seller proper evidence of a wire transfer or proper evidence of payment effected by any other immediately available funds in respect of the Down Payment, for value as of the date hereof;

(b) the Purchaser delivers to the Seller the Bank Guarantee;

(c) the Seller delivers to the Purchaser:

- -- a share transfer order, made in favor of the Purchaser, requiring the Company to effect the transfer of the Shares, such documents being duly completed and executed by the Seller;

- -- the duly completed share transfer registers and shareholders' accounts of the Company;

-- the resignation letters of the following members of the Board of Directors of the Company: Mr. Michel Cornil, Generale de Transport et d'Industrie (represented by Mr. Olivier Barbaroux), Societe ARY (represented by Mr. Pierre Massard) and Mr. Andre Launois.

Article 4 - Transactions prior to the Sale

4.1. The technical assistance contract entered into on October 1, 1993 between the Seller and the Company a copy of which is attached as Schedule 4.1. hereto, has been terminated as of the date hereof and all obligations, including payment obligations, have been or will be settled between the Parties within thirty (30) days of date hereof.

4.2. The services agreement entered into on April 22, 1997 between the Seller and the Company a copy of which is attached as Schedule 4.2. hereto, has been terminated as of the date hereof and all obligations, including payment obligations, have been or will be settled between the Parties within thirty (30) days of date hereof.

SECTION 2 -- REPRESENTATIONS AND WARRANTIES

Article 5 - Representations and Warranties

The Seller hereby, as of the date hereof, represents and warrants irrevocably as follows.

All of those certain representations and warranties qualified by Seller's knowledge shall mean Seller's actual knowledge and knowledge which Seller gained or should have gained in the prudent exercise of its responsibility as a majority shareholder of the Company and as a member of the board of directors of the Company.

5.1. The Company

5.1.1. The Company has been duly incorporated; its share capital is as hereabove mentioned and was duly issued and is fully paid up. Other than this Agreement, the Seller is not a party to any agreement or understanding with respect to the voting, sale or transfer of the Shares.

All the shares issued by the Company have equal voting rights and the same rights to dividends in proportion with the percentage of share capital which they represent.

The Shares are freely transferable without any contractual, legal or judicial restriction subject, as far as the shares of the Subsidiaries are concerned, to restrictions stated in their respective by-laws.

The Company's business (fonds de commerce) and, except as set forth in Schedule 5.1.1. hereto, the Company's assets are free and clear of any Liens (as defined herebelow).

The Seller has good and marketable title to the Shares free and clear of all Liens (as defined herebelow) and has the absolute right to sell, assign, transfer and deliver the Shares to Purchaser pursuant to this Agreement, free and clear of all Liens. Upon transfer of the Shares to Purchaser as provided in this Agreement, Purchaser will have good and marketable title to the Shares, free and clear of all Liens.

The Seller neither holds nor controls any shares in any of the Subsidiaries.

For the purpose of this Agreement, "Lien" shall mean any and all liens, security interests or agreements, mortgages, privileges, leases, rights or claims from any third party, charges, pledges, indentures, rights of first refusal, options, restrictions, easements, rights of way, escrows, conditional sale agreements or other title retention agreements, and any other encumbrance of whatever kind or nature, recorded or unrecorded, and shall include without limitation when used with respect to shares of capital stock or other securities of a corporation, proxies, voting agreements, subscriptions, preemptive rights and any other limitations on such stock or securities.

5.1.2. The Company has not issued or authorized or decided the issue of any new shares of the Company or any securities giving access to the share capital of the Company by exchange, conversion, repayment or otherwise.

There are no outstanding options to subscribe for new shares of the Company.

5.1.3. To the Seller's knowledge, as at the date hereof the Company has complied with all applicable laws, regulations, orders, agreements, judgments to which it is a party or by which it is bound, including without limitation European Community ("EC") and French laws and environmental protection regulations, except in the case for any non compliance which would not individually or in the aggregate have a material adverse effect on the financial condition or business of the Company.

5.1.4. The Company has not filed a petition for bankruptcy, is not under receivership or any similar proceeding, and, to the Seller's knowledge, at the date hereof is not under the threat of any such proceedings.

5.1.5. An up-to-date and true copy of the by-laws of the Company and of each of the Subsidiaries has been delivered to the Purchaser.

5.1.6. Schedule A hereto sets forth a complete and accurate list of the Subsidiaries owned or controlled by the Company and the share capital of each Subsidiary, and the percentage interest held by the Company and the other shareholders thereof. Other than the Subsidiaries, the Company does not directly or indirectly own any interest in nor control any corporation, unincorporated company or association other than investments in treasury instruments and the Holdings. To the Seller's knowledge, each Subsidiary is validly existing and, where relevant, in good standing, under the laws of the jurisdiction of its incorporation and has full power and authority to carry on its business and affairs as they are currently conducted.

5.2 The Seller

The Seller has full right, power and authority to execute, deliver and perform this Agreement and neither the performance of the Sale, nor the execution of this Agreement, breaches or will breach any of the conditions and provisions of any agreement or act to which it is a party, the Seller's by-laws or any applicable law, regulation, judgment, order or agreement to which it is a party or by which it is or may be bound.

There is no consent of a third party required as a condition to Seller's full performance under this Agreement.

5.3 Financial Obligations -- Bank Accounts

To the Seller's knowledge:

5.3.1.(A) All (i) short-term borrowings and bank overdrafts, the amount of which shall not exceed in the aggregate FRF 110,000,000 as the date hereof, (ii) medium and long term loans, (iii) monies advanced by a third party other than in the ordinary course of business or by the Seller on behalf of the Company and (iv) credit facilities whether drawn or not drawn, (the "Loans") outstanding as of the date hereof are listed and described in Schedule 5.3.1.(A) hereto.

5.3.1.(B) The Company has not granted any guarantee, surety or warranty (caution, aval ou garantie), except (i) as specified in Schedule 5.3.1.(B) hereto, (ii) guarantees, sureties or warranties granted to third parties for the benefit of the Company or any of the Subsidiaries by the Company or any of the Subsidiaries, (iii) guarantees, sureties or warranties referred to in the notes (engagements hors bilan) of the Accounts and (iv) guarantees, sureties and warranties which do not exceed FRF 20,000 per item. The guarantees, sureties and warranties referred to in (iv) shall not exceed in the aggregate FRF 100,000.

The undertakings listed in Schedule 5.3.1.(B) hereto have been entered into by the Company in the ordinary course of its business activities.

5.3.2. Bank accounts or safes maintained by the Company are accessed only by properly authorized employees of the Company and Mr. Francois Varagne.

5.4. Employment

5.4.1. To the Seller's knowledge, the number of employees of the Company corresponds to the number of employees reflected in the personnel records of the Company. Except as set forth in Schedule 5.4.1. and except for any increase rendered mandatory pursuant to any collective bargaining agreement or an employment agreement provided in the latter case that such increase is customary Company practice, the Company is under no obligation to increase the current rates of remuneration or grant any bonus or any advantage to any of its employees at any future date.

5.4.2. To the Seller's knowledge, there is no profit sharing scheme, insurance, incentive, retirement benefit pension scheme, life insurance policy, medical insurance scheme or any other contract for the benefit of any of the Company's employees other than as set forth in Schedule 5.4.2.

5.4.3. To the Seller's knowledge, the terms and conditions of the employment agreements binding the Company to its employees comply with the legal and regulatory provisions and the collective bargaining agreements (conventions collectives) applying to the Company and, consequently, do not contain any provision contrary to the usual legal dispositions or customary practices, in particular, but not limited to, any retirement or departure benefits.

To the Seller's knowledge, all the agreements entered into between the Company and any third party with respect to the direct or indirect provision of workforce to the Company comply with French law. No such agreements will give rise to an obligation to provide employee benefits to any person whose services are or have been provided thereunder.

5.4.4. Other than transactions referred to or implied by the restructuring provision adopted by the board of directors of the Company on October 13, 1997 (the "Restructuring Provision") which is detailed on Schedule 5.4.4. hereto, the Company is not liable to make any payment to any of its employees or any former employee by way of damages or compensation for loss of office or employment or for redundancy or dismissal.

5.4.5. To the Seller's knowledge, the Company is in compliance with all statutory or regulatory requirements with respect to its employees, in particular in terms of contributions to the social security scheme (including health insurance, retirement and unemployment insurance).

5.4.6. To the Seller's knowledge, no director (mandataire social) of the Company benefits from an employment agreement that was suspended on the day of his appointment as director and which could be resumed after his dismissal or resignation as director.

5.4.7. To the Seller's knowledge, the Company is in compliance with all applicable statutory requirements relating to the workers committee (comite d'entreprise), the Company's works council, the employees' representatives, the safety committee (comite d'hygiene, de securite et des conditions de travail) and the union delegates, including, but not limited to, all applicable statutory requirements relating to consultation with, or notification to the employees with respect to this Agreement.

5.4.8 Except as set forth in Schedule 5.4.8., the Seller has not entered into any employment or other similar agreement with any third party for the benefit of the Company.

5.5 Company's activities

To the Seller's knowledge:

5.5.1.(A) The Company has full capacity to operate its business activities as well as to own and use the assets and goods owned or used by it.

All the licenses, permits and authorizations have been properly obtained by the Company and are in force. These licenses, permits and authorizations are the only ones required to conduct the Company's activities as currently conducted. There are no grounds which would jeopardize the validity or the scope of these licenses, permits and authorizations, including without limitation as a result of the transfer of the Shares pursuant to this Agreement.

The Company has caused each employee required to be licensed to perform his/her duties pursuant to employment to obtain and maintain such license.

5.5.1.(B) All the formalities required for the operation of the Company's business activities have been completed in conformity with all applicable laws and regulations and all decisions have been validly taken by the competent corporate body of the Company.

5.5.2(A) The Company is the true and legal owner or has full rights of use of all assets used within the course of the operation of its business, whether fixed or moveable, tangible or intangible. All such assets and goods owned by the Company are free and clear of any security interest that may have a material adverse effect in the Company.

5.5.2.(B) The Company has not rented to a third party any of the assets referred to above and has no commitment to do so.

5.5.2.(C) None of the assets which are either rented or held on leasing (credit-bail) by the Company has been repossessed by its owner and the Company has committed no breach which would allow the owner of said assets to repossess them.

5.5.2.(D) No material discrepancy or loss exists with regard to vault contents belonging to customers.

5.5.3(A) Except as set forth in Schedule 5.5.3.(A) hereto, the Company is not party to or a beneficiary under any agreement or arrangement under the terms of which by reason of any change in the ownership of the Shares:

(i) such agreement or arrangement will terminate earlier than it would have done but for such change, or the obligations of the Company will be accelerated or terms less favorable to the Company than those subsisting in the absence of such change will apply, or

(ii) any other party will be entitled to terminate the agreement or arrangement earlier than it would have been entitled to terminate it but for such change or to require the obligations of the Company to be accelerated or the adoption of terms less favorable to the Company than those subsisting in the absence of such change.

5.5.3.(B) The Company has not entered into any agreement whatsoever limiting or reducing its right to develop its business activities or to compete with any other person or entity in any field.

5.5.4. Where the Company's assets are used by any of its Subsidiaries, the Company has entered into agreements with the relevant Subsidiary in the normal course of business and at arms' length conditions.

5.5.5. The Company has not taken any business (fonds de commerce) on lease.

5.5.6. The Company maintains the insurance policies listed in Schedule 5.5.6. hereto. All said insurance policies are in force and effect and the Company has complied in all material respects with the provisions of such policies and has not done anything, or failed to do anything, which would cause the cancellation of such policies or materially diminish the rights of the Company thereunder.

5.6 Seller/Company, activities

Except as set forth in Schedule 5.6. hereto, all agreements, contracts, deeds of any kind whatsoever which have been entered into between the Company or any of its Subsidiaries, on the one hand, and the Seller or any of the Seller's Controlled

Subsidiaries (as these words are defined in Article 10 hereof), on the other hand have been entered into in the normal course of business and at arms' length conditions.

5.7. Occupational safety and health matters--Environmental matters

To the Seller's knowledge, the Company is in compliance with current laws and regulations governing (i) environmental and (ii) material occupational safety and health matters.

5.8. Real estate

To the Seller's knowledge:

5.8.1. The Company is the true and legal owner of the real estate property (the "Properties") listed as owned under Schedule 5.8.1. hereto and the Company does not own any real estate property other than the Properties and it has no commitment to acquire any other real estate property; the Properties may be freely disposed of, are free of any mortgages, promises of mortgages, put options or any other material encumbrance and have not been adversely affected by fire, windstorm, flood, strike, lockout, Act of God, eviction or any other cause.

5.8.2. No necessary building license concerning the Properties has been challenged by any third party within the time limit prescribed by law.

5.8.3.(A) Any premises used by the Company as a lessee (locataire) is so used pursuant to a rental agreement (bail) regularly entered into. The list of all the rental agreements entered into by the Company specifying the duration and termination dates is given under Schedule 5.8.3.(A) hereto.

5.8.3.(B) The above mentioned rental agreements are valid and binding upon their parties. There is no dispute between the Company and the landlords or any third party arising out of the existence or implementation of such rental agreements, except as set forth under Schedule 5.8.3.(B) hereto.

5.8.4. All real estate lease or sub-lease agreements entered into between the Company and any of its Subsidiaries are valid and binding upon their parties.

5.9. Intellectual Property

5.9.1. The Seller waives any and all present or future right, titles and interests in or to the Intellectual Property Rights listed on Schedule 5.9.2. hereto, and in the name "Brink's", in any form or combination and any derivation thereof and shall procure that each and all of the Seller's Controlled Subsidiaries will also do so.

To the Seller's knowledge:

5.9.2. Listed on Schedule 5.9.2. hereto are all the patents, trademarks, service marks, tradenames, logos, company names, designs and models, know-how, copyrights and industrial property rights (the "Intellectual Property Rights") which are registered in the name of the Company or used by the Company.

The Company has a valid, binding and exclusive right to use or otherwise dispose of any or all of such Intellectual Property Rights which are listed in Schedule 5.9.2. hereto. Together with each Intellectual Property Right is given in Schedule 5.9.2. hereto the indication of its nature (ownership, license, etc.) and of its duration.

5.9.3. Except as may be required under the licenses listed in Schedule 5.9.3. hereto, the Company is entitled to use without payment all material know-how and other material technical information used by it in connection with its business or businesses and all information concerning the methods and processes used by the Company, and no rights to disclosure or use of any Intellectual Property Rights, material know-how or material technical information used by the Company have been granted to or claimed by any third party.

5.9.4. There has not been any material default (or any event which with notice or lapse of time or both would constitute a default) under any of the material agreements in respect of the Intellectual Property Rights by the Company or so far as the Seller is aware by any other party thereto.

5.9.5. The Company has not granted to third parties the right to use any Intellectual Property Rights with or without consideration, other than as set forth in Schedule 5.9.2. hereto.

5.10. Litigations - Claims

To the Seller's knowledge:

5.10.1. There is no dispute, claim or litigation whether existing, pending or, to the Seller's knowledge, threatened in writing, by, against or between the Company and any other third party (individual, corporation, trade union, administration, governmental body or State, etc.) (whether the Company is a plaintiff or a defendant for itself or on behalf of a person for which it may be vicariously liable or a guarantor), except for those listed under Schedule 5.10.1. hereto. All liabilities or risk of liability to the Company with respect to such disputes, claims or litigation (whether existing, pending or threatened) have been fully reserved in the Accounts (as defined here below).

There are no proceedings or actions pending to limit or impair any of the powers, rights or privileges of the Company or to dissolve it, and the Seller is not aware of any grounds or facts upon which such proceedings or actions could be undertaken.

The Company is not subject to any inquiry or survey relating to the breach or possible breach of any legal provision.

5.10.2. Furthermore there is no judgment or Court order held against the Company or administrative decision made for it which it has not complied with or satisfied.

5.10.3. The Company is not, and has not been, party to or concerned by any agreement, decision or practice prohibited by Article 85 of the Treaty of Rome, nor has the Company made any application to the Commission of the European Communities for a declaration of inapplicability or for negative clearance in respect of any agreement, decision or practice, nor is it abusing, nor has it abused, a dominant position as prohibited by Article 86 of the Treaty of Rome.

5.10.4. Neither the Company, nor any of its past or present officers is sued for a criminal offence or have knowledge of circumstances likely to cause such lawsuit as a result of such a criminal offence.

5.11. Accounts

The Seller hereby represents and warrants to the Purchaser that:

5.11.1. attached hereto as Schedule 5.11.1. are the consolidated accounts of the Brink's Group as at December 31, 1996, as approved by the directors in the meeting of the Board of Directors of the Company held on March 21, 1997 (the "Consolidated Accounts"). The Consolidated Accounts and each valuation, item, reserve and provision contained or reflected therein:

(i) are properly drawn up and give a true and fair view of the assets, financial situation and overall results of the Company and the Subsidiaries and have been established in conformity with the current and generally accepted accounting principles in France consistently applied and, in particular, the Accounting Methods and Principles (as defined below);

(ii) have been certified without any reserve by the statutory auditors of the Company;

5.11.2. attached hereto as Schedule 5.11.2. are the intermediary consolidated accounts of the Brink's Group as at June 30, 1997, as approved by the meeting of the Board of Directors of the Company held on October 13, 1997 (the "Consolidated Intermediary Accounts"). The Consolidated Intermediary Accounts and each valuation, item, reserve and provision contained or reflected therein are properly drawn up and give a true and fair view of the assets, financial situation and overall results of the Company and the Subsidiaries and have been established in conformity with the current and generally accepted accounting principles in France consistently applied and, in particular, the

Accounting Methods and Principles.

The Consolidated Accounts and the Consolidated Intermediary Accounts, comprising Schedule 5.11.1. and Schedule 5.11.2 hereto, are together referred to herein as the "Accounts";

5.11.3. the consolidated net assets (situation nette consolidee) of the Brink's Group as at June 30, 1997, as set forth in the Consolidated Intermediary Accounts, drawn up in accordance with the Accounting Methods and Principles, were one hundred and thirty million one hundred and forty-seven thousand French francs (FRF 130,147,000);

5.11.4. the Company has met all of its customs duties, tax or parafiscal obligations (social security among others). The Company has paid all customs duties, taxes and all parafiscal obligations due and payable by it and, if required by the Accounting Methods and Principles and current French generally accepted accounting principles, has given full consideration and provided full reserve in the Accounts or stated in the notes to the Accounts to and for any and all obligations (including the contingent liabilities) falling due and payable after December 31, 1996 and June 30, 1997, respectively;

5.11.5. the Accounts have been established in conformity with the current French generally accepted accounting principles consistently applied and in accordance with the accounting methods and principles of consolidation set forth in Schedules 5.11.1. and 5.11.2. hereto (the "Accounting Methods and Principles");

5.11.6. all dividends, the payment of which has been decided or authorized by the Company, have been paid to the shareholders of the Company and the books of the Company do not show any debt to the shareholders in respect of any such dividends.

5.12. Interim period - Management

Since June 30, 1997 and until the date hereof, the Company has been operated in a normal and prudent ("bon pere de famille") way, and in particular it has not, except with respect to transactions referred to in or implied by the Restructuring Provision or except as set forth in Schedule 5.12. hereto:

(i) suffered any material change in its business or operation or in its financial or commercial situation;

(ii) suffered any material decrease in the value of its assets except for depreciation in the ordinary course of business;

(iii) suffered any material damage, destruction or loss (unless covered by insurance) or any other event jeopardizing the activities of the Company or given up any material right of value;

(iv) made any assignment of assets of the Company likely to jeopardize the operations of the Company;

(v) made any modification of the method for determining the salaries other than those resulting from the normal course of business, the laws and regulations in force as well as of the agreements and covenants or uses in force in the business of the Company;

(vi) made any change in the methods used for keeping the accounts of the Company except for those required by new laws and regulations;

(vii) authorized nor decided to distribute any dividend nor any interim-dividend (acompte sur dividende), it being specified that this provision does not apply to dividend paid by the Subsidiaries to the Company;

(viii) suffered any strike or protest or any other event (or receive a threat of such an event) related to the labor situation which adversely affects or may adversely affect the assets, business or prospects of the Company;

(ix) entered into any agreement or taken any action likely to make untrue or to jeopardize the extent of any of the representations and warranties granted or of the commitments made in this Agreement;

(x) in the event that the Company holds its own shares, transferred or redeemed any of its shares;

(xi) disbursed any cash except in the ordinary course of its business and except for non material amounts of cash between the Company and its Subsidiaries in the ordinary course of business. All amounts received by the Company have been deposited with the Company's bankers and appear in the appropriate books of accounts;

(xii) decided or made any payment or distribution to its shareholders, or redeemed any of its shares but for the payment by the Company of the dividend (FRF 190 per share) relating to the 1995 fiscal year;

(xiii) decided or made, directly or indirectly, any increase in the share capital of the Company or any amendment to its by-laws;

(xiv) suffered or initiated any involuntary or voluntary termination of any license, commitment, contract, lease or other agreement except in the ordinary course of business;

(xv) suffered any cancellation or termination of any insurance policy insuring the assets or operations of the Company unless simultaneously replacement policies providing substantially the same coverage were in full force and effect;

(xvi) made any transfer of cash or cash equivalents to Seller or any of the Seller's Controlled Subsidiaries other than in the ordinary course of business;

(xvii) made any settlement or compromise of any action, suit, proceeding, litigation or claim which required the Company to pay an amount in excess of fifty thousand French francs (FRF 50,000) except to the extent that full reserves therefor were reflected in the Accounts and except in the ordinary course of business.

5.13. General provisions regarding Seller's representations and warranties

5.13.(A) No representation or statement by the Seller made in this Agreement intentionally omits or will intentionally omit to state any material fact necessary to make any such representation or statement not misleading.

5.13.(B) To the Seller's knowledge, there is no fact which materially adversely affects the business, property, condition, results of operations or business prospects of the Company which has not been set forth in this Agreement or any Schedule hereto.

5.14. Purchaser's representations and warranties

The Purchaser represents that it is a company validly organized under the laws of Delaware. It has the authority required to enter into this Agreement and to be irrevocably and finally bound by the contents hereof.

Article 6 - Subsidiaries

6.1. All the provisions of the representations and warranties of this Agreement, but for Article 5.11.6., shall (mutatis mutandis) where relevant respectively apply to each one of the Subsidiaries.

Consequently, the Seller:

(a) makes and gives with respect to each one of the Subsidiaries the same representations and warranties as those made or given in respect of the Company and for the same duration and will make the same disclosures and provide for the same specific information and documents, provided however that:

with regard to Codival SA and Coditrans SARL, the Seller does not make or give any representation or warranty other than the representations and warranties

referring to custom duties, tax or parafiscal obligations (social security among others) and to matters mentioned under Articles 5.1.1. - paragraphs 3 and 5, 5.1.2., 5.1.4., 5.1.5., 5.1.6. and 5.11.

(b) undertakes and commits itself to indemnify the Purchaser in connection with the provisions of this Article 6.1. under the terms and conditions of Article 7 hereof and for the duration of Article 8 hereof.

6.2. For the purpose of the enforcement and construction of this Article 6, the references to any legal provision enacted in France shall, in as much as necessary, include reference to the corresponding provision in the applicable local jurisdiction.

6.3. No representations or warranties are made by the Seller in respect of the Holdings.

Article 7 - Indemnification

7.1. Scope

7.1.1. The Seller hereby undertakes and commits itself to indemnify the Purchaser or, at the Purchaser's sole option, the Company or a Subsidiary:

(a) unless otherwise provided herein, for 62% of any cost(s) (including reasonable attorney's fees and court costs and expenses), damage(s), loss(es), increase(s) of liabilities or reduction(s) of assets of the Company or of any of the Subsidiaries resulting:

(ii) from any inaccuracy or omission in one or more of the representations made and warranties granted under Section 2 hereof, or of any violation of the above mentioned representations and warranties; or

(ii) from any consequence of any litigation, lawsuit, procedure or claim of any nature connected to the above mentioned events;

(b) unless otherwise provided herein, for 62% of any cost(s) (including reasonable attorney's fees and court costs and expenses), damage(s), loss(es), increase(s) of liabilities or reduction(s) of assets of the Company or of any of the Subsidiaries corresponding to an event or fact or to any events or facts which occurred prior to the date hereof, which would be the consequence of any litigation, lawsuit, procedure or claim of any nature, to the extent such cost(s), damage(s), loss(es),

increase(s) of liabilities or reduction(s) of assets exceed reserves or liability amounts reflected in the Accounts including but not limited to:

(i) any tax, penalty, late payment interest, increase or fine which may fall or be deemed to be due as a result of any tax or Social Security audit as well as of any survey or control from any governmental or EC body;

(ii) any tax, penalty, late payment interest, increase or fine which may fall or be deemed to be due as a result of any audit(s), claim(s), proceeding(s), order(s), or judgment(s) relating, directly or indirectly, to the domestic or international operation of the Company or any of its Subsidiaries;

(c) notwithstanding the provisions stipulated in paragraphs 7.1.1.(a) and 7.1.1.(b) above, for 100% of any cost(s) (including attorney's fees and court costs and expenses), damage(s), loss(es), increase(s) of liabilities or reduction(s) of assets of the Company in respect of any consequences arising out of any litigation, lawsuit, procedure or claim of any nature in connection with the sale, by the Company, of its stake in Cyrasa, a Spanish company, to Fichet-Bauche and in excess of FRF 1,336,000 which amount corresponds to reserves made in this regard in the Accounts; it being understood that the recovery under this Article 7.1.1.(c) is subject to Sections 7.2.1. and 7.2.2.;

(d) notwithstanding the provisions stipulated in paragraphs 7.1.1.(a) and 7.1.1.(b) above, for 100% of any cost(s) (including attorney's fees and court costs and expenses), damage(s), loss(es), increase(s) of liabilities or reduction(s) of assets of the Company or of any of the Subsidiaries resulting from any inaccuracy or omission in one or more of the representations made and warranties granted under Articles 5.1.1. paragraphs 3 and 5, 5.2. and 5.6. hereof, or of any violation of such representations and warranties, or from any consequence of any litigation, lawsuit, procedure or claim of any nature connected to such events.

For the purpose of Article 7 hereof, the Purchaser is deemed to include the Company and the Subsidiaries, should the Purchaser choose to make use of the right of substitution hereabove provided.

7.1.2. No claim other than a claim relating to (i) custom duties, tax or parafiscal matters (social securities among others) and to other matters mentioned under Article 5.11., and (ii) matters mentioned under Article 5.1.1. paragraphs 3 and 5 shall give rise to an indemnity if the matter relating to the Claim has been disclosed to Purchaser (a) in connection with Purchaser's representation on the Company's board of directors, (b) in the due diligence review conducted by the Purchaser prior to the date hereof or (c) as a minority shareholder of the Company.

7.2. Limitation

7.2.1. The Seller's obligation to indemnify under Article 7 of this Agreement shall apply when the aggregate amount of the damage(s), loss(es), increase(s) of liabilities or reduction(s) of assets of the Company or of any of the Subsidiaries as above described by reason of the implementation of the warranty reaches the sum of thirteen million French francs (FRF 13,000,000), said amount representing a deductible (franchise) in Seller's favor and not a threshold (seuil de declenchement).

7.2.2. The total amount of money paid to Purchaser for indemnification due hereunder shall be limited in any event to fifty million French francs (FRF 50,000,000).

7.2.3. The Seller shall not be bound to pay an indemnity owing to an inaccuracy in the representations made under Section 2 - Representations and Warranties, if such inaccuracy is due to the enactement or amendment of any statute, decree, regulation or official governmental practice, new tax, levy or charge or modification of the rate of any tax, levy or charge, after the date hereof, even if such enactement or modification is retroactive.

7.3. Loss evaluation

7.3.1. Notwithstanding the provisions of Article 7.1.1., it is specified that no indemnity shall be due on the basis of any inaccuracy relating to:

(i) the value of the intangible assets entered in the Accounts under the headings "Intangible Fixed Assets" and "Acquisition Goodwill", and the provisions of this paragraph shall apply both to the gross amount of such intangible assets as of the date of their entry in the Company's consolidated balance sheet and to the depreciation and amortization allowances relating thereto from such date to the date of the Accounts, all such items being known to the Purchaser itself owing to the inspections performed every year by its own auditors;

(ii) the value of tangible fixed assets, and the amount of adequacy of any provisions relating thereto and entered in the Accounts;

(iv) the booking of expenses to be allocated among several financial years, and the amount of any deferred tax and tax loss;

(iv) the amount or adequacy of the Restructuring Provision and any of the actions and programs relating to the restructuring plan for which the Restructuring Provision was recorded by the Company in June 1997, as detailed on Schedule 5.4.4. hereto.

7.3.2. All losses shall be evaluated by applying the following principles:

(i) the re-assessment in respect of corporate income tax and VAT contributions which only represent a timing difference of the corresponding charges (in particular, depreciation and/or reserves, add-backs in respect of corporate income tax) shall not be taken into account in the calculation of losses, except for the penalties, interest and surtaxes resulting from such re-assessment;

(ii) with respect to each of the three categories of items set forth in Schedule 7.3.2.(ii), there shall be deducted from the amount of any loss claimed in each category, the amount of any financial reserve or provision related to such category which is reversed or cancelled due to the disappearance of the risk of that same category as mentioned in Schedule 7.3.2.(ii).

(iii) The aforementioned set-off shall be carried out only in respect of the fiscal years 1998 and 1999 and provided notification of such set-off is made by Seller before the expiry of the period referred to in Article 8(ii) hereof, provided however that if the 1999 accounts are not available at the expiry of such period, such period shall be extended up to one month after the date when such accounts are made available.

7.3.3. In the event the Company or its Subsidiaries receive any indemnification from an insurance company of the Company or its Subsidiaries, as the case may be, or from a third party, related to a claim that was indemnified by Seller pursuant to this Agreement, the amount recovered from the insurance company or the third party shall be repaid to Seller up to a maximum of the indemnity received by Purchaser from Seller.

7.3.4. If the Company or the Subsidiaries is required to make a payment in connection with a third party's claim that gives rise to an indemnity to the Purchaser, the Company or a Subsidiary, the Seller shall not be required to make any payment hereunder until such payment has actually been made by the Company or its Subsidiaries.

When calculating the amounts due by the Seller pursuant to Article 7 hereof above, one shall not take into account the tax savings which would result from the liability which would be charged to the relevant company as a result of the increase of liability, reduction of assets, loss or damage sustained by it provided that the indemnity received by the beneficiary is subject to corporate income tax.

Should such indemnity not be subject to corporate income tax in the hands of the beneficiary, the above mentioned tax savings will be taken into account for the calculation of the amount due by the Seller, so that the indemnity to be recovered shall not exceed in any case the amount of the loss suffered.

7.4. Procedure

7.4.1. The Purchaser shall inform the Seller in writing of any event of such nature that would result in the enforcement of any of the terms of this Agreement, as soon as possible but in no event later than seventy five (75) days from the date the Purchaser or the Company has had actual knowledge of such event and in the case of tax or parafiscal reassessment, as soon as possible and within a reasonable period to enable the Seller to inform the Purchaser of its position on such reassessment prior to the time that a response or responsive action by the Company is due and shall provide information useful for the valuation of this event (description in details of the event on which the Purchaser bases its claim, the damage incurred and, to the extent possible, the evaluation ofthe related indemnity, such notice constituting a "Claim").

7.4.2. In case of tax or parafiscal reassessment or in case of litigation or claim from a third party, the Purchaser shall not unreasonably refuse to file any claim, either in or out of court, or to file any lawsuit if the Seller so requests. However, in the event that the Seller so requests, all expenses relating to such claim and suits shall be borne by the Seller which hereby commits itself to pay. The same will be true should the Purchaser's claim be dismissed or should it have to pay interests or penalties. Such expenses, interests, indemnities or penalties will be upon the Purchaser's request advanced by the Seller.

7.4.3. The Purchaser shall consult with the Seller and its counsel as to the preparation of the arguments to be presented on behalf of the Purchaser as well as to the negotiations which may take place in view of an out of court settlement.

7.4.4. In the absence of a final court decision, no immediate payment or out of court settlement of any claim of any third party, or of any proposal of reassessment of tax shall be made without the prior approval of the Seller, such approval not to be unreasonably withheld or delayed.

7.4.5. The indemnity eventually due pursuant to Article 7 hereof shall be paid to the Purchaser or, as the case may be, to the Company or the Subsidiaries within one month from the court decision or of the out of court settlement making such indemnity final and binding.

Article 8 - Duration of the warranties

The warranties issued by the Seller, pursuant to this Agreement, shall expire respectively and individually:

(i) as concerns the warranties relating to custom duties, taxes, duties or parafiscales debts, one month after the expiry of the statute of limitations respectively applicable; however, any modification of a period of statute

of limitations shall extend or reduce, as the case may be, the corresponding warranty;

(ii) as concerns the other warranties, at the expiry of a period of two (2) years as from the date hereof.

The obligations to indemnify under this Agreement shall be triggered upon receipt by the Seller of Purchaser's written notification of a Claim within the applicable time period set forth in this Article 8.

Article 9 - Late payment interests

Any delay by either Party in the performance of any of the financial obligations arising out of the enforcement of this Agreement shall cause the other Party to pay a penalty interest computed prorata temporis, on the basis of a year of three hundred and sixty (365) days, at a rate of five per cent (5%) per annum.

Article 10 - Commitments

The Seller hereby undertakes that neither the Seller nor any company or companies under the direct or indirect control (within the meaning of Article 355-1 of the French Company Law of July 24, 1966) of the Seller (the above-referred companies individually or collectively referred to as the "Seller's Controlled Subsidiaries") shall (directly or indirectly by themselves or in conjunction with any other party or venture):

(i) utilize to its profit or disclose to any third party any commercial secret, know-how or confidential information belonging to the Company or to a Subsidiary and will not do so until such times as this commercial secret, know-how or confidential information has fallen into the public domain by other than action or omission by the Seller or any of the Seller's Controlled Subsidiaries;

(ii) utilize for any purpose or in any way any name, mark or logo listed in Schedule 10 hereto (including without limitation "Brink's") or any similar name, mark, logo or any derivation thereof (whether alone or in combination);

(iii) during a lapse of time of five (5) years as from the transfer of the Shares and in France, not engage in transportation of valuables, servicing of automatic teller machines (including, but not limited to, cash replenishment, deposit pick-up and first line maintenance), coin processing and wrapping, money processing and cash management services, guarding services, storage of valuables, movement of documents and alarm services and monitoring, or acquire directly or indirectly any interest in an enterprise which engages in any of the above mentioned

activities, or, during the above mentioned lapse of time, solicit any prospective or existing customer for any such activity or any director or employee of the Company or of any of the Subsidiaries.

The provisions of this sub-paragraph 10.(iii) shall not apply to the company Mont Jura or any of its successors (should the Seller acquire an interest in Mont Jura or any of its successors), with respect to the enumerated activities and to Mr. Francois Varagne with respect to solicitation, should Mr. Francois Varagne not become or ceases to be an employee of an affiliate of the Purchaser.

SECTION 3--GENERAL PROVISIONS

Article 11 - No Set Off

The Purchaser undertakes not to set off any amounts due by it to the Seller (in particular any amounts due pursuant to Article 2.2.) against any amounts due by the Purchaser to the Seller (in particular any indemnity).

Article 12 - Notices

Any notice served pursuant to this Agreement shall be sent by registered mail with return receipt requested or by international courier to the following address:

12.1. For the Seller:

Generale de Transport et d'Industrie
55-57 avenue de Colmar
92946 Rueil-Malmaison Cedex
France

To the attention of: President Directeur General

12.2. For the Purchaser:

Brink's Security International, Inc
One Thorndal Circle
P.O. Box 1225
Darien, Connecticut 06820
United States of America

To the attention of the President;

With a copy to Brink's Incorporated

One Thorndal Circle
P.O. Box 1225
Darien, Connecticut 06820
United States of America

To the attention of: General Counsel.

Any change of address shall be notified by the Party concerned to the other Party by registered mail with return receipt requested or by international courier within fifteen (15) days of the actual date of change of address.

Notices will be deemed to have been received at the date of reception of the registered letter or the international courier, as shown by the receipt.

Article 13 - Entirety - Preamble - Headings

This Agreement cancels and supersedes any and all earlier agreements, representations and warranties, whether oral or written, between the Parties in relation to the transaction contemplated hereby.

The provisions contained in the preamble hereto as well as Schedules hereto form an integral part of the provisions of this Agreement.

The sections and other headings contained in this Agreement are for convenience of reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Article 14 - Amendments

14.1. No alteration or amendment to any of the provisions of this Agreement shall be binding on any of the Parties unless it is written and executed by a duly authorized representative of each of the Parties.

14.2. This Agreement may not be assigned by either Party except with the prior written agreement of the other Party, except that Seller shall be authorized to assign its rights to receive the Installments and the benefit of the Bank Guarantee.

14.3. Any failure of either Seller or Purchaser to comply with any obligation, covenant, agreement or condition in this Agreement may be waived by Purchaser or Seller, respectively, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of any subsequent or other failure.

Article 15 - Commitments - Successors

The legal representatives of the Parties or of their successors are bound by all the terms of this Agreement and may rely on any of such terms.

Article 16 - Miscellaneous Provisions

16.1. Post-Closing Undertakings

16.1.1. The Seller shall execute, and the Purchaser shall ensure that the Companies shall execute, any agreements, statements and other documents necessary or expedient to finalize the transactions provided hereunder, or to make them enforceable against third parties.

16.1.2. During a term of three (3) years from the date hereof, the Purchaser shall ensure that the Seller (or the Seller's Controlled Subsidiaries and their counsel, representatives, agents and assigns) shall have access, at the Seller's expense, to all the information and books of the Companies relating to financial years during which the Seller had control thereof and 1998 and which the Seller (or the Companies in their groups and their assigns) may require in order in particular to draw any tax statements, accounts and corporate records, or to defend any proceedings or disputes, and also to defend or participate in the defense of any proceedings or disputes referred to under Article 7 or to implement the provisions of Article 7.3., upon reasonable prior notice. The Purchaser shall ensure that the officers and employees of the Companies shall receive the Seller (and the Companies in their groups) in the best possible manner in such respect during reasonable normal business hours and upon a reasonable prior notice.

16.2. Enforceability

Should any of the provisions of this Agreement be held null and void or unenforceable for any reason whatsoever, the Parties undertake to act together to remedy the causes of such nullity, so that, except in the case where it is impossible to do so, this Agreement shall remain in force without any discontinuity.

The representations made in this Agreement, the warranties granted, and the undertakings agreed to are valid, and shall remain valid, whatever the legal form the Company may acquire.

16.3. Performance - Cooperation

The Parties agree to provide any information as well as to execute and to deliver all documents required for the performance of this Agreement.

16.4. Expenses

Each Party will bear its own expenses, charges and fees of any nature related to this Agreement and its consequences.

16.5. Registration duties

The registration duties resulting from the Sale will be borne by the Purchaser.

The Parties undertake to execute as soon as possible after the date hereof a reiterative deed in the French language for purposes of paying registration duties, it being specified that such deed will only refer to the transfer of the Shares and the Price.

Article 17 - Confidentiality

17.1. Subject to legal requirements to the contrary, Seller and Purchaser undertake to hold in confidence and not to disclose to third parties (except to professional advisors of the Parties hereto), without the prior written consent of the other, the terms and conditions of the transactions contemplated hereby.

17.2. Notwithstanding the provisions of paragraph 17.1. above, but subject to any legal requirements, all announcements by or on behalf of the Parties hereto relating to the transactions contemplated hereby shall be in terms to be agreed between Seller and Purchaser.

Article 18 - Applicable law

This Agreement shall be governed as to its validity, construction and performance in accordance with the laws of the Republic of France.

Article 19 - Jurisdiction

Any disputes arising from this Agreement or which is a result thereof shall be submitted to the exclusive jurisdiction of the Tribunal de Commerce de Paris.

Executed in Paris,
in two original copies,
on January 27, 1998.

BRINK'S SECURITY INTERNATIONAL, INC.	GENERALE DE TRANSPORT ET D'INDUSTRIE S.A.
By CHRISTOPHER P. CORRINI	By OLIVIER BARBAROUX
Christopher P. Corrini	Olivier Barbaroux
Senior Vice-President Finance	Chairman of the Board of Directors

EXHIBIT A

SHAREHOLDERS' AGREEMENT

This Shareholders' Agreement, made this 10th day of January, 1997, by and between BRINK'S SECURITY INTERNATIONAL, INC. ("BSI"), a corporation duly organized and existing under the laws of the State of Delaware, United States of America, with its principal office at One Thorndal Circle, Darien, Connecticut, U.S.A. and Valores Tamanaco, C.A. ("Valores"), a corporation duly organized and existing under the laws of Venezuela, with its principal office at Av. Urdaneta, Esq. Animas, Edif. Banco Internacional, Caracas, Venezuela, (BSI and Valores are hereinafter collectively referred to as the "Shareholders" or the "Parties".)

WHEREAS, BSI, its parent, Brink's Incorporated, and their respective affiliates (collectively "Brink's") have long been engaged in and are well known and respected worldwide in connection with the business of protecting and transporting valuables by secured transportation throughout the world and providing various related and ancillary services;

WHEREAS, Valores is a corporation formed under the laws of Venezuela on December 26, 1996 (registered with the Mercantil Registry II of the Federal District and the State of Miranda, No. 1, Volume 707-A-SGDO), for the purpose of holding shares of the joint venture company pursuant to this Agreement;

WHEREAS, the shareholders of Valores are Cartera Central, C.A., Cartera de Inversiones Venezolanas, C.A. and a newly formed corporation, Inversiones Grand Value, C.A. ("Grand Value"), which newly formed corporation holds 80.2% of the shares of Valores and which has as its current shareholders Jose Luis Feaugas and Juan Carlo Mendez Machado, attorneys for Victor Gill (President of InterBank) ("Gill") and Victor Vargas (President of Cartera Inversiones Venezolanas) ("Vargas") and which, in the future, will have as its shareholders Gill and Vargas and such other additional individuals and/or corporations as are approved by BSI under this Agreement (Cartera Central, Cartera de Inversiones Venezolanas, Grand Value, Gill, Vargas and all future shareholders of both Valores and Grand Value are referred to collectively herein as "Investors"); and

WHEREAS, each of the Investors are guaranteeing all of the obligations of Valores pursuant to this Agreement;

WHEREAS, BSI was the successful bidder for the shares of Custodia y Traslado de Valores, C.A. ("Custravalca"), a corporation duly organized and existing under the laws of Venezuela engaged in business of transportation of valuables and various other activities in Venezuela, at a public auction held by Fondo de Garantia de Depositos y

Proteccion Bancaria ("FOGADE") on December 23, 1996, with a bid in the amount of US$68,100,999 for all of the shares subject to the auction;

WHEREAS, BSI is currently the holder of 15% of the shares of Custravalca, which shares were included in the public auction of Custravalca;

WHEREAS, the Parties desire to become joint shareholders of Custravalca and enter this Agreement to set forth their agreement with respect to the establishment of a joint venture for this purpose and to regulate their respective rights and responsibilities and the management of the proposed business and affairs of Custravalca following the acquisition of the shares from FOGADE.

NOW, THEREFORE, it is hereby agreed as follows:

ARTICLE 1. ESTABLISHMENT OF THE JOINT VENTURE COMPANY

1.1 The Parties agree to become joint shareholders, as set forth herein, of a new corporation formed on January 9, 1997 by BSI under the laws of Venezuela, which corporation has paid in capital of US$2,200, has issued 1,000 shares of common stock and which has no liabilities as of the date of this Agreement.

1.2 The name of the newly formed corporation is Custravalca Brink's, C.A. (hereinafter referred to as "Custravalca Brink's" or the "Company"), subject to the terms of Article 10 of this Agreement and the terms of a Trademark License Agreement.

1.3 Immediately following execution of this Agreement, but not later than forty eight (48) hours prior to the Closing Date (as defined in Section 1.4 below), Valores shall:

(a) Pay to BSI the amount of US$858, for which it shall receive 390 shares of the Company (out of the total of 1,000 issued shares); and

(b) Lend to Custravalca Brink's the amount of US$7,967,817, which loan shall be non-interest bearing. The loan amount shall be wire transferred to the account of the Company; the bank and the account number for such wire transfer shall be provided prior to such transfer.

(c) Should Valores fail to pay for the shares of the Company as provided in (a) above and/or to transfer the loan amount as set forth in (b) above 48 hours prior to the Closing Date, this Agreement shall be null and void and neither Valores nor the Investors shall have any right to become shareholders of Custravalca Brink's or to otherwise own

the shares of Custravalca; BSI shall have no further obligation to Valores or to any of the Investors.

1.4 At a closing with FOGADE, scheduled for January 14, 1997 (or such subsequent date, not later than January 20, 1997, that may be agreed upon by BSI and FOGADE) (the "Closing Date"), the Company shall acquire the shares of Custravalca not currently held by BSI from FOGADE. BSI's currently held shares of Custravalca shall remain with BSI and shall not be subject to transfer.

1.5 (a) As soon as practicable following the acquisition of the shares of Custravalca by the Company, the Shareholders shall take whatever action is necessary and appropriate to cause the mergers of Custravalca and Servicio Panamericano de Proteccion, C.A., a subsidiary of Custravalca, into Custravalca Brink's, C.A., with the latter being the surviving entity. The name of the Company will thereupon be changed to Brink's-Servicio Panamericano de Proteccion, C.A.

(b) Upon the merger of Custravalca into Custravalca Brink's, BSI's shares in Custravalca will be exchanged for newly issued shares of Custravalca Brink's, such that the total number of shares of the Company held by BSI will equal 61% of the shares of the Company.

(c) Upon the merger of Custravalca into Custravalca Brink's, the loan made by Valores to the Company in the amount of US$7,967,817 as set forth in Section 1.3(b) above will be capitalized. Valores shall thereupon receive newly issued shares of Custravalca Brink's, such that the total number of shares of the Company held by Valores will equal 39% of the shares of the Company.

(d) Upon the merger of Custravalca into the Company, the Shareholders shall take such action as is permissible under local law to provide for either a cash payment or other purchase by the Company of the shares of Custravalca owned by shareholders holding less than 1% of the shares of Custravalca at the time of the merger, i.e. those shareholders holding 0.08% of Custravalca's shares which were not subject to the auction, or take such other action as may be permissible to achieve the same ultimate result.

1.6 (a) Following the mergers and other actions set forth in 1.5 above, the shares of Custravalca Brink's shall be held by the parties in the following proportions:

BSI:	61%
Valores:	39%

The shares held by BSI shall be designated Class A Shares and the shares held by Valores shall be designated Class B Shares.

(b) Except as specifically set forth in this Agreement or unless otherwise agreed by the Parties, the holders of Class A and Class B common stock of Custravalca Brink's shall be entitled to pre-emptive rights to subscribe for or purchase pro rata, based upon the percentage shareholdings set forth above, any shares issued in addition to the shares issued by Custravalca Brink's as provided above.

(c) Except as specifically provided in this Agreement, each share of Class A and Class B common stock of Custravalca Brink's shall be of equal rights in all respects and for all purposes and each share of common stock shall accord to the holder thereof: (a) one vote at the meetings of Shareholders of Custravalca Brink's in respect of each share owned and fully paid by the holder; (b) the right to receive dividends; (c) the right to subscribe for or purchase any additional shares issued by Custravalca Brink's pursuant to this Article 1.6; and (d) the right to participate in the distribution of assets of Custravalca at the time of the winding-up thereof. These shares shall be subject to restrictions on transfer as set forth in this Agreement.

ARTICLE 2. PURCHASE OF CUSTRAVALCA SHARES FROM FOGADE

2.1 At the closing with FOGADE on the Closing Date, BSI is obligated by Agreement with FOGADE dated December 23, 1996, to pay in United States Dollars the sum of $57,877,671 for the shares to be transferred by FOGADE to Custravalca Brink's. This amount reflects the total purchase price of US$68,100,999 less the value of BSI's existing 15% shareholding in Custravalca. Upon payment of this amount in cash, the shares of Custravalca not currently held by BSI will be transferred by FOGADE to Custravalca Brink's.

2.2 The funds necessary for the closing with FOGADE on the Closing Date shall be provided as follows:

(a) The Company shall pay US$7,967,817, the proceeds of the loan from Valores, to FOGADE at closing.

(b) The remaining amount to be paid to FOGADE on the Closing Date, US$49,909,854, shall be obtained through financing obtained by Custravalca Brink's, pursuant to loan agreements negotiated by BSI with Banco Mercantil on behalf of itself and other banks (collectively, "Banco Mercantil") and approved and authorized by the current Board of Directors of the Company. The loans (both short and long term), which are to be repaid by the Company, will be guaranteed by the Company and its operating subsidiaries, but not by the Company's Shareholders. By execution of this Agreement, Valores and the Investors hereby acknowledge and consent to the terms of the loan agreements as may be agreed upon by BSI and Banco Mercantil on behalf of Custravalca

Brink's and agree that neither BSI, nor its parent, subsidiary or affiliated companies, nor any of the directors of the Company, shall have any obligation or liability to Valores, the Investors, Custravalca Brink's, Custravalca or any other individual or entity in connection with or arising from the negotiation and/or final execution of the loan documents.

(c) BSI's contribution to payment of the successful bid price of US$68,100,999 shall be the value of its existing 15% interest in Custravalca which was included in the shares subject to public auction by FOGADE.

ARTICLE 3. STATUTES AND ORGANIZATION RULES

3.1 (a) The Articles of Incorporation and the By-Laws of Custravalca Brink's shall be modified as soon as practicable following the Closing Date and/or the mergers referred to in Article 1.5 above to reflect the terms of this Agreement. The modified Articles of Incorporation and By-Laws shall be substantially in the form of Attachment A, annexed hereto and incorporated by reference herein.

3.2 Notwithstanding the provisions of Article 3.1, in the event of any conflict between the terms of this Agreement and the Articles of Incorporation and By-Laws of Custravalca Brink's, the terms of this Agreement shall prevail and the Parties hereto shall cause the appropriate Shareholders' (and/or Board of Directors') meeting to be held and shall vote in favor of the amendment of the said Articles and By-Laws so as to remove any such conflict. To the extent that it is not practicable to draw up the Articles and By-Laws to incorporate any or all of the provisions of this Agreement, the Parties are agreed that the provisions of this Agreement shall govern and be conditions precedent to the continuation of the existence and operations of the Company.

ARTICLE 4. BUSINESS OF THE COMPANY AND CAPITAL CONTRIBUTIONS

4.1 The business of the Company (the "Business") shall include the following services in Venezuela: armored car services for the transportation of currency, diamonds and jewelry, precious metals and other valuables and securities; servicing of automated teller machines, including cash replenishment, deposit pick-up and maintenance; processing, counting and wrapping coin; processing and counting paper currency; providing various vaulting services; providing ground support for international air courier services and such other services as shall be mutually agreed by the Parties. In addition, to the extent and for any period that the Company continues to hold the shares of companies engaged in businesses which differ from the above description, e.g., printing, transportation of non-valuable packages, the business of the Company shall also include the business of these various subsidiaries in Venezuela.

4.2. The Parties agree that, to the extent possible, the financing of the Company's business shall be from the Company's retained earnings from the operation or from indebtedness. It in order to obtain indebtedness in the future (following acquisition of the shares of Custravalca) on terms acceptable to the Company it is necessary for such indebtedness to be wholly or partially guaranteed, the Shareholders, if required, shall each guarantee their pro rata share of such indebtedness, provided that such limited several guarantees shall in each case be in such form as the Shareholder may reasonably approve. The Parties hereby acknowledge that until the indebtedness of the Company is reduced to an amount below the initial stockholders equity level or subsequent stockholders equity levels, whichever is lower, it is their intention that all surplus cash shall be applied to the reduction of the indebtedness of the Company.

4.3 In addition to any capital contributions to be made as described in this Agreement, each Shareholder shall be obligated to contribute to the Company a pro rata share of the funds necessary for the purpose of funding the business, as shall from time to time be called for and approved by the Shareholders in accordance with this Agreement. Additional shares of the Company will be issued to each Party making such capital contribution, on a pro rata basis based upon the percentage of shareholding in the Company and the capital contributed. In addition to any other remedy for non-payment of such contribution which may be available to the Parties, failure to make the required capital contributions will result in dilution of a shareholder's interest in the Company; the proportional dilution shall be based upon the Company's shareholders equity (per its most recent monthly financial statements) and the amount of capital contributions made by the Shareholders.

4.5 The Company may pay dividends on its common stock if and to the extent declared by Shareholders, upon resolution of the Board of Directors, provided, however, that any distribution shall be permitted by the laws of Venezuela. The payment of dividends by the Company shall, however, be subject to the following general guidelines:

(a) It is anticipated that dividends will not be paid in the first four or five years of operation following the Parties acquisition of the shares of Custravalca as provided herein, as the Company will be in the process of retiring the majority of the debt balance incurred in January 1997 (as set forth in Section 2.1(b)).

(b) Thereafter, it is anticipated that dividends will be paid under the following general conditions:

(i) Retained earnings are positive;

(ii) Stockholders' Equity is equal to or greater than Debt (obligations for borrowed money); and

(iii) The Company has achieved its break-even point, defined as total cash inflows from operations equaling or exceeding total cash expenditures (including capital expenditures).

If all of the conditions specified in (b)(i) through (iii) above are met, then the amount of dividend is anticipated to be in the range of 30% to 90% of net earnings after income taxes (net income after income tax).

ARTICLE 5. THE BOARD OF DIRECTORS

5.1 Immediately following the filing of the modified Articles of Incorporation as required by Section 3.1, the Board of Directors of the Company shall be increased to five (5) Directors. The holder of Class A shares (BSI) shall have the right to appoint three (3) Directors and their respective alternates. The holder of Class B shares (Valores) shall have the right to appoint two (2) Directors and their respective alternates. The failure of any Party to appoint its respective number of directors as set forth above shall not be deemed a waiver of its right to make such an appointment in the future.

5.2 In case of a vacancy occurring in the Board of Directors caused by death, resignation, removal, disqualification or any cause affecting any Director, the party who designated said Director shall have the right to designate his successor who shall then be elected by the Shareholders.

5.3 In the election of Directors pursuant to any of the provisions of this Article, the Parties shall use their respective voting powers and do all such acts and things as may be necessary to ensure that the Shareholders shall duly elect the Directors (and alternates) appointed or designated by Class A and Class B shareholders (BSI and Valores), respectively. Such actions shall include, but not be limited to, agreeing to the prompt scheduling of a Shareholders' Meeting for the purpose of electing any Director or filling any vacancy on the Board of Directors.

5.4 (a) Resolutions of the Board of Directors can be passed either by a meeting of directors (or their alternates), present in person or by video or telephone conference call, or by Written Consent of Directors (as set forth in (b) below). The quorum required for the first and second call of any Board of Directors meetings shall be four out of the five Directors. The quorum for a third call of any Board of Directors meeting shall be three out of the five Directors.

(b) Notwithstanding anything contained in this Article to the contrary, any action required to be taken by the Board of Directors may be taken by means of a Written

Consent, which must be signed by all Directors. A signature reflected on a telecopy (facsimile), thereafter confirmed by hard copy shall be sufficient for such action.

(c) At least 14 days written notice shall be provided for any meeting of the Board of Directors, unless shorter notice is necessary and the Directors unanimously agree to such shorter notice, provided, however, that in an urgent matter, shorter notice shall be permitted if a majority of the Directors agree to such shorter notice. The notice shall state the purpose or purposes for which the meeting is being called. Only five (5) days notice shall be required for the second call of any Board of Directors' meeting. Written notice shall not be required for a third call of any Board of Directors' meeting; a third call shall occur within 24 hours of the second call.

(d) All decisions of the Board of Directors shall be by a majority present, in person or by video or telephone conference, and voting.

(e) Unless otherwise agreed by the Shareholders in any specific case, no Director shall receive any remuneration or fees from the Company for serving as a Director nor shall he be entitled to make a claim against the Company for any expenses incurred by him in connection with his service as a Director.

5.5 The Chairman and the Secretary of the Board of Directors shall be directors (or their alternates) appointed by the holders of Class A shares and shall be appointed by the holders of Class A shares.

5.6 Except for those issues reserved exclusively for Shareholders' by law or by this Agreement, all decisions regarding the Company will be made by the Board of Directors.

ARTICLE 6. SHAREHOLDERS' MEETINGS

6.1 Shareholders holding a majority of the issued common stock of the Company, whether present in person or by proxy, shall form a quorum for any general or special meeting of the Company. Except as set forth in Section 6.3 below, all decisions of Shareholders will be validly adopted when the majority of the shares present at the meeting vote in favor of the decision.

6.2 At all meetings of Shareholders, the Shareholders shall vote shares held by them in such a manner as to comply with and effectuate the provisions of this Agreement. In addition, each of the Shareholders shall ensure that their designated Directors shall act and vote toward the objective of giving full force and effect to the provisions of this Agreement.

6.3 Notwithstanding anything in this Agreement to the contrary (with the exception of the provisions of Section 6.4 below), the affirmative vote of holders of 75% of the issued common stock (whether Class A or Class B) of the Company shall be required for the following actions:

a) Change in the business of the Company as defined by this Agreement;

b) Amendment of the Articles of Incorporation and By-Laws involving the matters set forth in these provisions, provided, however, that the amendments required by Article 3.1 of this Agreement, as reflected in Attachment A, are deemed approved as required hereunder,

c) Except as set forth in 6.4 below, the sale of assets of the Company with a value in excess of US$2 Million, which amount shall be adjusted annually for inflation,

d) The decision to wind-up, dissolve or liquidate the Company or to place the Company in bankruptcy;

e) Any merger or consolidation of the Company with an unrelated company;

f) Any change in the dividend policy of the Company as set forth in Section 4.5;

g) Any agreement between the Company and any Party or Investor, not in the ordinary course of business, provided, however, that: (i) the Management Agreement and Trademark License Agreement attached hereto as Attachments B and C shall be deemed approved by the Shareholders as required hereunder; (ii) the sale of Custravalca's shares in Brink's Peru to BSI as provided in Section 6.4 below shall be deemed approved by the Shareholders as required hereunder; and (iii) the Parties hereby acknowledge and agree that agreements between the Company and any Brink's related entity in connection with the international transportation of valuables, as set forth in Section 9.3, are agreements made in the ordinary course of business and are, therefore, excluded from this provision;

h) Any decision seeking additional capital contributions from the Shareholders in an aggregate amount in excess of USD 5,000,000 (Five Million U.S. Dollars) per year or seeking a guarantee by the Shareholders of indebtedness of the Company in an aggregate amount in excess of USD 5,000,000 (Five Million U.S. Dollars) per year, and

i) Any decision to submit the shares of the Company to a public auction.

6.4 By execution of this Agreement, the Shareholders hereby approve and consent to the following provisions and agree that it shall not be necessary to convene a Shareholders' Meeting to take the actions set forth herein. Furthermore, it is agreed that, notwithstanding anything set forth in Section 6.3 above to the contrary, none of the actions set forth below shall require the approval of a 75% majority vote; to the extent, however, that a 75% majority vote is deemed necessary for such actions (pursuant to this Agreement or otherwise), by execution of this Agreement, the action is hereby approved by the requisite 75% of issued common stock. The Shareholders hereby agree to take such additional action, if any, as is necessary to effectuate the actions set forth below.

a) BSI shall have the option to purchase all of the shares of Brink's Peru currently held by Custravalca (directly or indirectly) (either through a direct purchase of the shares or through some other mechanism which, in the discretion of BSI is more advantageous to accomplish the transfer of Brink's Peru shares, e.g. the purchase of the shares of the subsidiary holding the shares of Brink's Peru) for a total purchase price of US$5,278,000. The proceeds of this sale (net of applicable taxes) would be used, along with other assets of Custravalca (including, but not limited to, existing cash reserves) to repay the short term debt of Custravalca Brink's.

b) The Shareholders approve of the sale of any subsidiary or affiliate of the Company which is not engaged in the cash-in-transit (CIT) business, including, but not limited to, Radio Contacto, C.A. and Grapho Formas Petare, C.A., for purposes of reducing the debt of the Company and specifically authorize the Board of Directors to take such action as it deems appropriate, by majority vote, in connection with the sale of any such company. No further action by Shareholders' shall be required to approve or authorize any such sale.

c) The Board of Directors and/or Shareholders of the Company, as existing at the time of the execution of this Agreement or as thereafter constituted, shall be authorized to take such action as is necessary to: (i) cause the merger of Custodia y Traslado de Valores, C.A. and Servicio Panamericano de Proteccion, C.A. into Custravalca Brink's, C.A.; (ii) issue new shares to BSI and Valores, respectively, as described in Section 1.5 of this Agreement; (iii) provide a mechanism for addressing the holders of the 0.08% shares of Custravalca, as described in Section 1.5; and (iv) change the name of the Company to Brink's - Servicio Panamericano de Proteccion, C.A.

d) The Shareholders approve, subject to the approval of the Board of Directors, the future participation of Banco Provincial as a shareholder of the Company, either through a contribution of assets (cash and/or non-cash) or by means of a merger of Banco Provincial's current armored transportation business or both.

The Board of Directors is hereby authorized to pursue such participation, to negotiate the details of any such transaction and to approve, by majority vote, the terms of such future participation, subject only to the conditions of this section. The Shareholders understand and agree that any such future participation by Banco Provincial shall reduce their interest in the Company in proportion to their respective shareholding interest in the Company at the time such participation is approved by the Board of Directors. Should Banco Provincial become a shareholder of the Company, the Shareholders' hereby agree to take necessary action to amend this Agreement and the Articles to effectuate such participation, including, but not limited to, issuance of a new class of shares (Class C) and, if appropriate by the terms of the transaction, increasing the number of directors on the Board of Directors to provide Banco Provincial's representation on the Board, provided, however, that any such amendments will retain BSI's majority status on the Board of Directors and as shareholder, as well as the right of Valores to two directors on the Board of Directors. Banco Provincial shall be required to become signatory to this Agreement as a condition of becoming a shareholder of the Company.

6.5 The Shareholders shall appoint two (2) Principal Examiners and their respective alternates at the annual meeting of Shareholders. One of the Examiners shall be appointed by the holders of Class A shares and the second shall be appointed by the holders of Class B shares. The shareholders making the initial appointment (Class A or Class B) shall have the right to remove the Principal Examiner appointed by them and to replace the same.

ARTICLE 7. TRANSFER OF SHARES

7.1 Restrictions on Transfer. No party hereto shall sell, transfer, mortgage, pledge, assign or in any way dispose of or encumber the beneficial ownership of any shares owned by it at any time except as set forth in this Article 7.

7.2 Right of First Refusal. If a Party wishes to sell or transfer shares of the Company (the "Offeror"), then the Offeror shall first give written notice by overnight mail (Fed Ex or DHL) (the "Sale Notice") to the other Party (the "Offeree"), offering to sell any or all of its shares in the Company (the "Offered Shares") to the Offeree, in accordance with the provisions of this Article.

(a) If the Offeror has not yet received a bona fide offer from a third party, the Offeror shall offer the shares at fair market value as of the date the offer is made or deemed to have been made as determined in accordance with Article 7.3. The Offeree shall have thirty (30) days following receipt of the Sale Notice or following the final determination of fair market value under Article 7.3 (whichever is later) to accept or reject the offer to buy all of the Offered Shares by written notice to the Offeror. Failure to

provide written notice of its intent to accept or reject within this thirty (30) day period shall be deemed a rejection.

If accepted, the sale or transfer shall be completed within thirty days. If rejected after the process outlined above, then the Offeror shall have the right to sell or transfer the Offered Shares to a third party, provided that: (a) the selling price and the terms of the sale or transfer to the third party shall not be more favorable than those offered to the Offeree; (b) any transfer to the third party must be completed within three months following the final rejection of the offer by the Offeree; (c) the Offeree consents, in writing, to the sale or transfer to that third party, which consent shall not be unreasonably withheld; and (d) the third party complies with the provisions of Clause 7.6 hereof.

(b) If the Offeror has received a bona fide offer from a third party to purchase the Offered Shares which the Offeror is prepared to accept, then a copy of that third party offer shall be attached to the Sale Notice to be provided to the Offeree. The Sale Notice shall constitute an offer, irrevocable within the time hereinafter specified for acceptance, by the Offeror to sell all of the Offered Shares to the Offeree at the same price per share of each class and on the same terms and conditions as set forth in the third party offer to purchase attached to the Sale Notice. The Offeree shall have thirty (30) days following receipt of the Sale Notice from the Offeror to accept or reject the offer to buy all of the Offered Shares by written notice to the Offeror. Failure to provide written notice of its intent to accept or reject within this thirty (30) day period shall be deemed a rejection.

If accepted, the sale or transfer shall be completed within thirty (30) days. If rejected after the process outlined above, then the Offeror shall have the right to sell or transfer the Offered Shares to any third party (whether or not the third party making the original offer), provided that: (a) the sale or transfer shall be completed pursuant to the term no more favorable than those contained in the third party offer and which were attached to the Sale Notice; (b) any sale or transfer to the third party must be completed within three months following the final rejection of the offer by the Offeree; (c) the Offeree consents, in writing, to the sale or transfer to that third party, which consent shall not be unreasonably withheld; and (d) the third party complies with the provisions of Article 7.6 hereof.

(c) In the case of a proposed sale or transfer to a third party, no such transfer or sale shall be registered by the Directors of the Company nor given effect in any way by the Company unless all of the provisions of this Article have been satisfied.

(d) In no event shall any Shareholder offer or transfer its shares to a third party which is a competitor of BSI or the Company, without the prior written consent of BSI.

(e) In the event that BSI seeks to sell all of its shares to a third party and that Valores rejects the Offer to purchase the shares as provided above, BSI agrees that, upon

written request of Valores received by BSI within 10 days of the rejection of the Offer for Valores to purchase the shares, BSI shall seek to sell the shares of both BSI and Valores, on the same terms, to a third party (and not only its own shares), provided, however, that should a purchaser not be found for the purchase of all of the shares at a price acceptable to BSI during a twelve month period following receipt of such written request from Valores, BSI shall not thereafter be precluded from selling its own shares in Custravalca Brink's, without the shares held by Valores. It is further agreed that the provisions of this Section (e) shall not apply in the event of a public offering of the shares.

7.3 Fair Market Value: The determination of the aggregate fair market value of all of the shares at any time shall be done: (a) by mutual agreement of the Parties taking into account any factors which the Parties shall consider to be relevant; or (b) if mutual agreement shall not be reached within thirty (30) days of receipt of the Sale Notice, by a valuation performed by an internationally recognized investment bank or a firm with significant valuation expertise such as an internationally recognized accounting firm (the "international investment firm") or such other valuation firm to be mutually selected by the Parties or by a panel as described below, which valuation shall be final and binding. The Parties shall make every effort to reach agreement as to the selection of an international investment firm. Failing such agreement within forty five (45) days of receipt of the Sale Notice, each of the Parties shall then, within the following fifteen (15) days, designate an individual from the international investment firm of its choosing, provided, however, that in no event shall they be from the same firm. These two individuals appointed by the Parties shall appoint a third individual from a different international investment firm within fifteen (15) days following their appointment. These three individuals shall constitute the panel, which shall decide upon the fair market value. In the event that all three individuals do not agree upon the fair market value, then the fair market value agreed upon by any two of the three individuals shall be deemed to be the fair market value of the shares; if no two individuals shall agree, the average of the two closest of such appraisals shall be deemed to be the fair market value. The cost of the valuation shall be paid by the Parties on an equal basis if selected by mutual agreement. In the event of a panel, each Party shall pay the cost of the individual selected by it and share equally the cost of the third individual.

The Parties agree that time is of the essence in reaching an aggregate fair market valuation under the foregoing paragraph and further agree that any such valuation shall be reached within forty five (45) calendar days after the appointment of the international investment firm or panel, as described above, or such longer period as to which the parties agree; The determination of fair market value shall be communicated to each of the Parties in writing as soon as practicable after the determination is made. Shares shall be valued as of the date of the final determination of fair market value.

7.4 Legend. All certificates evidencing the common stock shall have the following legend (translated into Spanish) placed on the front thereof simultaneously with the purchase of such common stock and duly noted in the Share Registry Book:

> "No transfer or encumbrance may be made of the shares evidenced by this certificate, except upon compliance with the terms of the Articles of Incorporation and By-Laws of the Corporation as from time to time amended and of any shareholders' agreement."

7.5 Transfer to BSI Affiliates: The restrictions contained in Article 7.1 and 7.2 shall not apply to a transfer, assignment or other disposition by BSI to an affiliate. Transfers or assignments to affiliates of BSI shall be permitted, without limitation, provided only that as a condition of such transfer or assignment, BSI causes the affiliate to execute this Agreement and acknowledge its terms. An "affiliate" when used in this clause means, with respect to any person at any time, an other person that, directly or indirectly, through one or more intermediaries controls, is controlled by or is under common control with such person. "Control" (including the terms "controlling", "controlled by" and "under common control with"), as used with respect to any person shall means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person and majority ownership of such person.

7.6 Applicability of Restriction on Transfer. All transfers, assignments or other disposition of shares to any person who is not then a party to this Agreement shall be subject to the execution and delivery by such transferee of a written instrument evidencing the agreement of such party to be bound by this Agreement effective upon acquisition of any interest in the shares.

7.7 Transfer upon Change in Ownership of Valores: In the event of the triggering events detailed in Section (a) below, the shares of the Company held by Valores shall be offered to BSI (or its designee), upon the terms and conditions detailed in Section (b) below:

(a) The triggering events requiring the provision of an option to BSI (or its designee) to purchase the shares held by Valores are as follows:

(i) The Investors (as of the date of this Agreement) collectively no longer control Valores or Grand Value, respectively,, as "control" is defined in Section 7.5 above;

(ii) The Investors no longer represent, directly or indirectly, the interests of banking institutions in Venezuela, provided, however, that this shall not constitute

a triggering event if Gill and Vargas continue to "control" Valores (directly or through control of Grand Value),, as "control" is defined in Section 7.5 above;

(iii) To the extent that any of the Investors are individuals, the individual Investor dies or otherwise becomes incapacitated, provided that such death or incapacity shall not be a triggering event if the remaining Investors collectively continue to control Valores and Grand Value, respectively, as "control" is defined in Section 7.5 above;

(iv) Any of the Investors become insolvent or declare bankruptcy;

(v) Any of the Investors are charged with any criminal activity; or

(vi) Any transfer, sale, assignment, pledge or other disposition of shares of Valores or Grand Value to any individual or entity which has not been approved by BSI pursuant to this Agreement, provided, however, that the Parties agree that the inclusion of this circumstance as a triggering event under this section shall be in addition to any claims, rights or remedies available to BSI for such breach of the Agreement.

(b) In the event of a triggering event requiring that BSI (or its designee) be given the option to purchase the shares of Custravalca held by Valores, BSI (or its designee) shall have six (6) months from the date that BSI has knowledge of the triggering event within which to provide notice of its intent to exercise such option. Failure to provide written notice of its intent to exercise the option within such six month period shall be deemed a rejection of the option. In the event that BSI (or its designee) provides notice of its intent to exercise the option, the purchase price for the option shall be the fair market value for the shares, as determined by the procedure set forth in Section 7.3 above. BSI (or its designee) shall, however, have the right to decline to purchase the shares, notwithstanding any prior notice to the contrary, in its sole discretion, within 30 days following the determination of the fair market value. Should BSI decide to proceed with the option to purchase the shares following the determination of fair market value, the shares shall be transferred within thirty five (35) days after the determination of fair market value.

(c) Notwithstanding anything in this Agreement to the contrary, BSI shall have the right, at all times, to approve any new investors or shareholders in Valores and/or in Grand Value (whether by transfer, assignment, sale, pledge of shares, issuance of new shares or otherwise). In addition to BSI approval, Valores and the Investors agree that any new investor or shareholder in Valores and/or in Grand Value must agree to be bound by the terms of this Agreement, by execution and delivery to BSI of a written instrument evidencing the agreement of such party to be so bound. Although subject to

the approval of BSI, the transfer of shares of Valores or Grand Value to any new investor or shareholder shall not trigger a right of first refusal under this Article. In addition, the transfer of Valores' shares in Custravalca Brink's to an affiliate under common control of Valores, as "control" is defined in Section 7.5 above, shall not trigger a right of first refusal to BSI as set forth in this Article, although any such transfer shall be subject to approval of BSI, which approval shall not be unreasonably withheld. For purposes of this Section, Valores and/or Grand Value shall provide written notice to BSI identifying any new investor or shareholder of Valores or Grand Value, respectively, at least forty five days prior to such individual or entity becoming a shareholder of Valores or Grand Value, respectively; BSI shall provide written notice of its decision (to approve or not to approve) within thirty days of receipt of such written notice from Valores and/or Grand Value.

ARTICLE 8. CONDITIONS

8.1 This Agreement is subject to the following conditions:

(a) the purchase of shares of the Company for payment of US$858 and the transfer of funds as a loan to the Company in the amount of US$7,967,817, in accordance with Section 1.3; and

(b) The final closing with FOGADE on the Closing Date; and

(c) The execution of the Management Agreement and the Trademark License Agreement attached hereto as Attachments B and C;

(collectively, the "Conditions").

8.2 In the event that the Conditions referred to under Clause 8.1 are not fully satisfied in the time set forth in applicable provisions of this Agreement, this Agreement shall terminate, without any liability to any other Party. Should the Agreement terminate as a result of the failure of the conditions in (b) and (c) above following payment of US$7,967,817 to the Company as provided in Section 1.3(b), this loan shall be repaid to Valores, provided, however, that all shares in the Company held by Valores are transferred to BSI or to the Company (as may be designated by BSI at the time).

ARTICLE 9. MANAGEMENT OF THE COMPANY AND RELATIONS WITH AFFILIATES

9.1 Management of the Company: (a) In light of its expertise in the industry, BSI or its designated affiliate shall have the right to manage the Company and shall enter into a Management Agreement with the Company in the form annexed as Attachment B, as soon

as practicable following the Closing Date. BSI (or its designated affiliate) shall provide advice to management personnel and shall provide know-how and technical support to the Company for the management of its day-to-day activities. BSI (or its designated affiliate) shall be entitled to take action to assure that the Company is managed in accordance with Brink's standards. Brink's shall be entitled to reimbursement of certain costs and expenses incurred in connection therewith in accordance with the Management Service Agreement.

(b) Pursuant to the Management Agreement, BSI or its designated affiliate shall provide access to the Company for its use in engaging in the Business, such proprietary software (which contains technology and information systems) as is available to other Brink's related companies (at no acquisition cost), provided, however, that neither BSI nor its designated affiliate assumes any obligation to create any software for use in Venezuela or to otherwise modify its existing software. In addition, BSI or its designated affiliate shall make available to the Company for its use in engaging in the Business, any products, components, hardware or other equipment which may be available to other Brink's related companies, at a cost to be mutually agreed upon by the Company and Brink's.

(c) BSI or its designated affiliate shall have the right to nominate the individuals to serve as President and/or General Manager and other senior officers of the Company (and/or its subsidiary or affiliated companies), which nominations shall be subject to the approval of the Board of Directors. BSI or its designated affiliate shall also have the right, subject to approval and action by the Board of Directors, to recommend and/or approve the dismissal of any individuals serving as President and/or General Manager or as other senior officers.

(d) The President and/or General Manager and other senior management of the Company shall be responsible for the hiring of necessary employees and the overall supervision and conduct of the day-to-day business of the Company. Management shall make all operational and security decisions relating to the Company's business and objectives in accordance with Brink's standards. Management shall prepare and implement budgets and business plans as approved by the Board of Directors and shall prepare such periodic reports for presentation to the Board of Directors as the Board may reasonably request from time to time. Management shall be responsible for establishing guidelines for customer contracts, including, but not limited to, pricing and liability-issues, which guidelines shall be subject to review and approval by BSI.

9.2 Local and Market Support: Valores shall provide local logistical support for the Company and shall, through the respective bank affiliations of the Investors, provide a portion of the customer base for Custravalca Brink's and its subsidiary and affiliated companies.

9.3 International Air Courier Shipments: The Company shall provide ground support in Venezuela for international air courier shipments on behalf of Brink's (including all affiliated and related companies in its international network of companies), whether in connection with exports from or imports into Venezuela. The Shareholders agree that, notwithstanding anything contained in this Agreement to the contrary, the Company shall be authorized to perform such ground support services on behalf of Brink's at rates to be mutually agreed upon between the Brink's company and the Company.

9.4 Accounting and Auditing: (a) The Company will establish and maintain accurate and complete accounting records according to accounting principles generally accepted in Venezuela and in the United States and in accordance with standards prescribed by applicable law and regulation.

(b) The fiscal year of the Company shall end on December 31 of each year, unless otherwise agreed by the Board of Directors. The Company shall, at its expense, cause the books of the Company to be audited at the end of each fiscal year by KPMG Peat Marwick Alcaraz, Cabrera, Vasquez ("KPMG") or such other "Big Six" internationally recognized firm of independent public accountants as the Shareholders shall appoint and shall provide each of the parties with a copy of its audited financial report within 7 days from receipt from the auditors and in no event later than 120 days after the end of the relevant fiscal year. The first auditor shall be KPMG. In addition, copies of all annual tax returns for the Company shall be provided to the Shareholders within 7 days of filing with the appropriate government entities.

9.5 Right of Inspection: BSI and Valores, through their duly authorized representatives, shall each have the right at any time during office hours to inspect the books and records of the Company and to obtain copies, at their own cost, of statements, contracts, minutes, reports, correspondence and other records and documents of the Company, subject to the confidentiality provisions of this Agreement and any confidentiality requirements relating to the information subject to inspection hereunder.

ARTICLE 10. TRADEMARKS

10.1 The Company shall have the non-exclusive rights by way of license during the term of this Agreement to use the name "Brink's" and also the Brink's logos (collectively referred to herein as the "Brink's Trademarks") in Venezuela in connection with the business of the Company, as more fully defined in and pursuant to the terms of the Trademark License Agreement in the form annexed as Attachment C. The Parties expressly recognize that the Brink's Trademarks shall at all times remain the exclusive property of Brink's. The Parties shall cause the Company to execute the Trademark

License Agreement in the form attached hereto, as soon as practicable following the Closing Date.

10.2 If this Shareholders' Agreement shall be terminated for any reason or if Brink's shall no longer be a majority shareholder of the Company or if the Management Agreement between Brink's (or its designated affiliate) and the Company is terminated for any reason whatsoever or if any other conditions described the Trademark License Agreement exist for termination, any right to use the Brink's Trademarks or to otherwise indicate an affiliation with Brink's shall thereupon immediately terminate. Upon termination of such right, the Company, Valores and the Investors hereby undertake to Brink's and BSI that they will neither claim any right to adopt or use, or will adopt or use, in any way or for any reason the name of, or the trademarks (or any marks similar thereto or any derivation therefrom) or other intellectual property rights belonging to, or used by, Brink's. Furthermore, each of the Parties hereto and the Investors undertake that upon the termination of the license, they will take all necessary measures, including passing an appropriate resolution, to immediately change the name of the Company to a name not including any word or words similar to Brink's or any word or words which are likely to deceive or cause confusion and to assure that the Company ceases any use of the Brink's Trademarks. The obligations set forth in this section shall survive expiration or termination of this Agreement.

ARTICLE 11. ROYALTIES

11.1 Commencing on January 1, 2000 (or such later date as may be mutually agreed upon by the Parties hereto in the future), the Company shall pay to BSI, or its designated affiliate, a royalty of three percent (3%) of the gross revenue of the Company from whatever source derived. This royalty shall be in consideration of the license to the Company of the Brink's name and other trademarks pursuant to the terms of the Trademark License Agreement and recognizes the technology and know-how to be provided to the Company by BSI pursuant to this Agreement and the Management Agreement. It is understood that no royalty shall be payable until such future date due to the financial obligations of the Company, including its obligations to financial institutions in connection with the loans referred to in Section 2.2(b) above.

11.2 The royalty payments required hereunder shall be paid on a quarterly basis. The payment shall be made in U.S. Dollars, converted from local currency at the average official rate of exchange for that quarter. Each royalty payment shall be accompanied by a written report from the Company of the amounts of gross revenue of the Company during such period and a statement giving an account of the royalties due thereon.

ARTICLE 12. CONFIDENTIALITY AND NON-COMPETITION

12.1 The Parties hereto and the Investors covenant with each other that, during the term of this Agreement and for a two year period following its termination, each shall maintain in strict confidence and secrecy and shall not, directly or indirectly, use or disclose to a third party, any information of a proprietary nature that it shall receive, directly or otherwise, pursuant to this Agreement or in connection with the operation of the business of the Company, whether relating or belonging to the Company or to any of the Parties or to the Investors (except where the regulations relating to the stock exchange on which a party or its parent company is quoted, requires certain disclosures, in which case, disclosure shall be limited to the information required to be disclosed and notice shall be provided to the other Shareholder). If warranted, any disclosure and publicity by the Company or any one Party hereto or the Investors must be through the written consent of the other Shareholder.

12.2 The Parties and the Investors agree that Brink's proprietary rights to its technology, products, processes and know-how shall remain the sole and exclusive property of Brink's and that neither the Company, Valores nor the Investors shall obtain or attempt to assert any right or interest in such rights. Neither the Company, Valores nor the Investors shall at any time use any such information received from BSI or Brink's for any purpose other than for the sole purpose of engaging in the Business of the Company in Venezuela, as set forth in this Agreement.

12.3 (a) Valores and the Investors undertake that, during the term of this Agreement, and for two years following the termination of the Agreement, they will not participate, either directly or indirectly, in any business or company in Venezuela which competes with the business of the Company.

(b) Valores and the Investors further undertake that, during the term of this Agreement and for two years following its termination, they will not use, directly or indirectly, any information of any nature whatsoever regarding the Company and/or BSI or Brink's, including, but not limited to, information regarding the operation of the business of the Company or Brink's, policies, procedures, practices and/or customers, in connection with any business, whether or not in Venezuela, which provides services in competition with the business of Brink's.

(c) For avoidance of doubt, nothing in this Article shall preclude Valores or the Investors' continued participation as shareholders of the Company upon termination of this Agreement by BSI. In addition, nothing in this Article shall preclude the continued operation of Custravalca Brink's in Venezuela following a termination of the Agreement by BSI; the Company shall be entitled to continue the Business of the Company (as defined in Section 4.1) in Venezuela following such termination of this Agreement.

12.4 BSI undertakes that, during the term of this Agreement and for a two year period following its voluntary sale of its shares in the Company thereby terminating this Agreement, it will not participate, either directly or indirectly, in any business or company in Venezuela which provides domestic ground transportation by armored car and related services in Venezuela which competes with the business of the Company as defined in Section 4.1 of this Agreement. For avoidance of doubt, the Parties acknowledge and agree that nothing in this section shall restrict or otherwise limit or preclude the right of BSI or Brink's to engage, directly or indirectly, in the business of international air courier shipments, for any commodity, either in connection with imports into or exports from Venezuela, provided, however, that neither BSI or Brink's shall itself perform domestic ground transportation for such shipment in Venezuela.

12.5 The non-compete and confidentiality requirements set forth in this section are of the essence to this Agreement. The Shareholders and the Investors acknowledge and agree that a breach of the non-competition provisions would cause damage estimated at USD 2,000,000 (Two Million U.S. Dollars), which amount shall be paid as liquidated damages in the event of such breach.

ARTICLE 13. DURATION

13.1 This Agreement shall come into immediate effect when duly executed by all the Parties and the Investors and shall continue in effect indefinitely unless terminated as provided in Articles 8 and 14 hereof.

ARTICLE 14. TERMINATION

14.1 (a) BSI shall have the right to terminate this Agreement, by giving written notice to Valores, upon the occurrence of any of the following events:

(i) The Company or Valores or the Investors is or becomes insolvent (defined as the inability to pay off debts in the normal course of business);

(ii) Proceedings in bankruptcy or under any insolvency law or for reorganization, receivership or dissolution are instituted by or against the Company or Valores or the Investors;

(iii) The Company shall fail to have or maintain any license, permit or other regulatory approval or authorization required for the performance of its activities under this Agreement or otherwise ceases to engage in the business for a period of twelve consecutive months;

(iv) The Company or Valores or the Investors shall be voluntarily or involuntary dissolved or wound-up;

(v) Valores or the Investors is in default of any material obligation under this Shareholders' Agreement (not to include the attachments hereto) and such default is not cured in accordance with Article 14.2; and

(vi) There is any change or anticipated change in the laws of Venezuela which adversely impacts BSI's shareholding interest in the Company and rights as set forth in this Agreement and the attachments thereto.

(b) Valores shall have the right to terminate this Agreement, by giving written notice to BSI, upon the occurrence of any of the following events:

(i) The Company or BSI is or becomes insolvent (defined as the inability to pay off debts in the normal course of business);

(ii) Proceedings in bankruptcy or under any insolvency law or for reorganization, receivership or dissolution are instituted by or against the Company or BSI;

(iii) The Company shall fail to have or maintain any license, permit or other regulatory approval or authorization required for the performance of its activities under this Agreement or otherwise ceases to engage in the business for a period of twelve consecutive months;

(iv) The Company or BSI shall be voluntarily or involuntarily dissolved or wound-up; and

(v) BSI is in default of any material obligation under this Shareholders' Agreement (not to include the attachments hereto) and such default is not cured in accordance with Article 14.2.

14.2 Upon the default by a Party in the performance of any material obligation set forth in this Shareholders' Agreement (not to include the attachments hereto), the other Party may give notice in writing to the Party in default specifying the thing or matter in default. Unless such default is cured within ninety (90) days following the giving of such notice, the Party giving such notice may terminate the Agreement by providing written notice of termination to the Party in default; this Agreement will then terminate upon the date set forth in the notice. The exercise of the right to terminate this Agreement shall be in addition to, and not in substitution for, any other remedies that may be available to the Party serving such notice against the Party in default and any termination of this

Agreement hereunder shall not relieve any Party from any obligations accrued to the date of termination or relieve the Party in default from liability and damages to the other for breach of this Agreement. Waiver by any Party of a single default or a succession of defaults shall not deprive such Party of any right to terminate this Agreement, or to have recourse to arbitration, arising by reason of any subsequent default.

14.3 The right to terminate pursuant to Article 14.2 shall not arise from any delays in or failure by a Party hereto in the performance hereunder if and to the extent that it is caused by occurrences beyond such Party's control, including, but not limited to, acts of God, strikes or other labor disturbances, war, sabotage, governmental action or policy and any other cause or causes, whether similar or dissimilar to those specified herein which cannot be controlled by such Party.

14.4 In the event of a termination of the Agreement pursuant to Article 14.1, the Parties undertake to cause the prompt winding-up of the Company and to take all measures for attaining this purpose, unless otherwise agreed upon by all the Parties to this Agreement. This notwithstanding, the Parties agree as follows:

(a) In the event of a termination due to a default as set forth in Sections 14.1 (a)(v), 14.1(b)(v) or 14.2 or due to financial situation of a Party (as defined more fully in Sections 14.1(a)(i), (ii) and (iv) and 14.1(b)(i), (ii) and (iv) above), the non-defaulting Party or the Party not experiencing the difficulties giving rise to termination as defined in Sections 14.1(a)(i), (ii) or (iv) or 14. l(b)(i), (ii) or (iv), as the case may be, shall have the option to purchase the shares of such other Party or to find a third party purchaser for such shares, at the fair market value of the shares at the time of termination. If the Parties cannot agree as to the fair market value of the shares, the procedures set forth in Article 7.3 shall be applied.

(b) In the event of a termination of the Agreement by BSI pursuant to Article 14.1(a)(vi), Valores shall have the option to purchase the shares of BSI or to find a third party purchaser for such shares, at fair market value based upon the percentage shareholding interest held by BSI immediately prior to such adverse government action. Should Valores not purchase the shares and a third party purchaser not be found, thereby requiring a winding-up of the Company, BSI shall receive a distribution of the assets based upon its percentage shareholding prior to the adverse government action. If the parties cannot agree as to the fair market value of the shares, the procedures set forth in Article 7.3 shall be applied, provided, however, that the determination of fair market value shall be based upon the number of shares and the value of such shares immediately prior to such adverse government action and provided, further, that if the government action adversely impacts the value of the entire Company, the international investment firms shall take this fact into account in reaching such valuation.

14.5 This Agreement may also be terminated by any Party by providing one year's written notice to the other of its intent to terminate the Agreement. In the event such termination notice is provided, the following procedure shall apply, commencing at the time that the termination notice is provided:

The Party seeking to terminate the Agreement ("Terminating Party") shall offer to sell its shares to the other Party at either the fair market value of said shares (to be determined in accordance with the procedure set forth in Article 7.3) or at the price and under the terms offered by a third party (which third party offer must be attached to the termination notice) (the "Offer Price"). The other Party hereto shall have thirty (30) days following the offer to accept or reject. Failure to provide written notice of its intent to accept or reject within said thirty (30) day period shall be deemed a rejection. (A partial purchase of the Offeror's shares shall not be permissible.) If accepted, the transfer or sale of shares shall be completed within thirty (30) days. This Agreement shall terminate on the date such sale or transfer is completed. If rejected, then the Parties shall both use best efforts to sell the Terminating Party's shares to a third party. This Agreement shall terminate with respect to the Terminating Party on the date such sale or transfer to the third party is completed; this Agreement shall, however, continue in effect as between the other Shareholder and the third party, as provided in this Agreement.

ARTICLE 15. MUTUAL COOPERATION AND RELATIONSHIP

15.1 Each of the Parties and the Investors shall use their best efforts to promote the success of the business of the Company and this Agreement and to ensure that the Company shall operate as efficiently and profitably as possible.

15.2 With respect to this Agreement, each of the Parties and the Investors hereto desire to establish the principle that they shall be just and faithful to each other in all transactions relating to the business of the Company and to exercise the utmost good faith and maintain the highest integrity in dealing with one another.

15.3 The relationship between the Parties, as well as between BSI and the Investors, under and in relation to this Agreement shall be limited to the matters herein contained and what is provided for by law as the liability of a shareholder to a Company, and nothing herein provided shall be considered or interpreted as constituting the relationship of the parties or any of them as a partnership, association or other relationship in which any one party may be liable for the acts or omissions of the other party, nor shall anything herein contained be considered or interpreted as constituting any party as the agent of the other party.

15.4 The Parties agree that any agreements entered into between the Company and any Shareholder or Investor shall be an arm's length transaction.

ARTICLE 16. GOVERNING LAW AND ARBITRATION

16.1 Except as otherwise provided in the attachments hereto, this Agreement shall be governed by the laws of Venezuela.

16.2 If a dispute arises in connection with the interpretation or implementation of this Agreement, the Parties will attempt to resolve such dispute through friendly consultations. If the dispute cannot be resolved in this manner within sixty (60) days after the commencement of discussions, said disputes shall be finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce, by one (1) arbitrator appointed in accordance with said Rules. The site of the arbitration shall be in Paris, France. The language of the proceedings, including documentation, shall be English.

The arbitrator shall not be entitled to award punitive damages. The arbitration award, when filed with the parties hereto, shall be final and binding upon the Parties. If necessary, judgment may be entered upon the final decision of the arbitrator in any court having competent jurisdiction. The costs of the arbitration shall be borne by the losing Party unless otherwise determined by the arbitrator, provided, however, that each side shall bear its own cost of counsel.

The above notwithstanding, BSI shall be permitted to proceed with arbitration in Venezuela should it deem it appropriate under the circumstances presented to do so.

ARTICLE 17. GENERAL PROVISIONS

17.1 Entire Agreement. This Agreement, including appendices hereto, embodies all the terms and conditions agreed upon among the Parties hereto as to the subject matter of this Agreement and supersedes and cancels in all respects all previous agreements and undertakings, if any, among the Parties hereto, whether oral or written.

17.2 Manner of Modification. This Agreement shall not be altered, changed, supplemented or amended except in writing signed by the duly authorized representatives of the Parties hereto.

17.3 Effect of Headings. The headings herein are for the purposes of reference only and shall not form part of this Agreement or affect the construction or interpretation hereof.

17.4 Severability. If for any reason any provision of this Agreement is or at any time becomes illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired.

17.5 Successors. This Agreement and all provisions hereof shall inure to the benefit of and shall be binding upon the heirs, executors, legal representatives, next of kin, transferees, successors and assigns of the Parties hereto.

17.6 Notices. Except as otherwise provided in this Agreement, all notices required or permitted to be given hereunder shall be in writing and in the English language and shall be sent by telefax, confirmed by registered air mail effective on the date of the telefax confirmation if the hard copy confirmation is mailed on the same day or within two business days thereafter, to the following addresses:

(a) For BSI:

One Thorndal Circle
Darien, Ct. 06820
U.S.A.
Attention: President
Telephone No: (203) 662-7800
Telefax No.: (203) 662-7854

(With a copy to the General Counsel of Brink's, Incorporated at the same address and to local counsel as designated by BSI.)

(b) For Valores, Cartera Central, C.A., Grand Value and Victor Gill:

Av. Urdaneta, Esq. Animas
Edif. Banco International, Piso 3
Caracas, VENEZUELA
Telephone No: (582) 408-6310
Telefax No: (582) 408-6325

(c) For Cartera de Inversiones Venezolanas and for Victor Vargas:

Calle Guaicaipuro
entre Av. Las Mercedes y Carabobo
Torre Forum, Piso 10
El Rosal
Caracas VENEZUELA

Telephone: (582) 952-8109
Telefax No: (582) 952-8638

17.7 Expenses. The Parties and the Investors agree that all expenses incurred by BSI relating or incident to the purchase of the shares of Custravalca at the public auction held by FOGADE, the establishment of Custravalca Brink's (except for the required capital contributions from Shareholders), determination of the structure of Custravalca Brink's and the negotiation and implementation of the terms of this Agreement, including, but not limited to, all reasonable legal and out-of-pocket expenses and all costs and fees relating to or in connection with obtaining any and all equity and debt financing for the purchase of the shares of Custravalca, shall be paid by the Company following the Closing Date.

17.8 Governing Language: This Agreement, including the appendices thereto, and all further agreements, if any, between or among the Parties or the Investors or the Company and BSI or Brink's shall be in the English language and English shall be the governing language for all agreements. Should it be necessary to translate any of the agreements for submission to any government entity or for other legal purposes, an official Spanish translation will be provided which shall be approved by counsel for all Parties. Notwithstanding that a translation has been prepared, however, in the event of any discrepancy between the English version and the translation, the English version shall prevail and English shall remain the governing language.

17.9 Authorization. (a) The Parties hereto warrant that they are fully authorized and empowered to enter into this Agreement on behalf of their respective companies and that such action does not contravene any existing statute, decree, contract or other provision of whatever nature and that the signatures set forth below are authorized signatures and create a binding agreement upon each of the Parties and the Investors.

(b) The Parties hereto also agree that this Agreement may be signed in counterparts and that fax copies of signature pages shall constitute a valid and binding commitment of the Parties. Original signature pages until be provided to each of the Parties as quickly as possible following execution.

IN WITNESS WHEREOF, the Parties have signed this Agreement on the day and year first hereinabove written.

BRINK'S SECURITY INTERNATIONAL, INC.

By: [Signature illegible]

Its: Vice President, General Counsel &
& Secretary

VALORES TAMANACO, C.A.

By: [Signature illegible]

Its:

CARTERA CENTRAL, C.A.

By: [Signature illegible]

Its:

CARTERA DE INVERSIONES
VENEZOLANAS, C.A.

By: [Signature illegible]

Its:

INVERSIONES GRAND VALUE, C.A.

By: [Signature illegible]

Its:

VICTOR GILL (Individually)

Victor Gill

VICTOR VARGAS (Individually)

Victor Vargas

Draft   Attachment "A"
Amended Art. of Inc.
BPMA&W, Jan. 10, 1997

MINUTES OF THE SPECIAL SHAREHOLDERS MEETING
OF

CUSTRAVALCA BRINK'S. C.A.
HELD ON JANUARY _ , 1997 AT _ A.M.
IN THE COMPANY'S OFFICES IN CARACAS

On the date and at the time mentioned above, the following shareholders met after proper notice:

Mr. ________________________________, representing BRINK'S SECURITY INTERNATIONAL, INC., holder of	shares
Mr. ________________________________, representing VALORES TAMANACO, C.A. holder of	shares
Total	shares

Messrs. ____ were also present. Mr. _________________________ was designated to chair the Meeting and Mr. __________________ to act as Secretary of the Board of Directors.

The Secretary stated that the Meeting should be considered legally met since the entire capital stock of the Company was represented.

The Meeting then considered the following items:

1. An increase of the Company's capital, the issuance of new shares and the subscription of the latter;

2. The amendment of the Articles of Incorporation-Bylaws of the Company; and

3. The designation of Members of the Board of Directors, Officers of the Board of Directors and Examiners.

One: The Chairman of the Meeting set forth the need to increase the Company's equity capital to ____ ___________BOLIVARS (Bs.)____________________, fully paid in, by the issuance of ____________________ (___________________) common registered shares of ONE THOUSAND BOLIVARS (8s. 1,000) each, with the same characteristics as the previous shares.

The motion having been submitted for consideration and after proper discussion, the Meeting approved it unanimously. The shareholders then subscribed the new shares as follows: BRINK'S SECURITY INTERNATIONAL, INC. subscribed ________________ (_________) shares, equal to____________________ BOLIVARS (Bs.______________), that it has paid in _______________________; and VALORES TAMANAC0, C.A. subscribed _____________________________________ (____________) shares, equal to _____________ (Bs.____________), that it has paid in ____________________ .

Two: The Chairman then submitted to the consideration of the Meeting the draft of the amended Articles of Incorporation and By-laws, which were discussed and unanimously approved by the Meeting, to read as follows:

ARTICLES OF INCORPORATION AND BY-LAWS

OF

CUSTRAVALCA BRINK'S C.A.

CHAPTER I

Name, Domicile, Purpose and Duration

ARTICLE 1: The name of the Company is CUSTRAVALCA BRINK'S C.A.

ARTICLE 2: The Company shall have its domicile in the city of Caracas, but may establish and keep facilities, offices, branches and agencies anywhere the Board of Directors decides, in the Republic of Venezuela or in any other country.

ARTICLE 3: The purpose of the Company will be:

To contract for the transportation of valuables and collection of money, cash, coins, gold, silver, platinum, and other precious metals or substances, gold or silver articles, jewels, furs and precious stones, bank notes, legal tender, checks, drafts, bills of exchange, guaranties, postal or express orders, bank or pension drafts, bonds, debentures, certificates, coupons, acceptances, shares of stock, negotiable or non-negotiable securities, as well as any other valuable documents or objects, whether mentioned herein or not, using for the proper means such purpose; to render courier and correspondence delivery services, as well as interoffice or internal memoranda between customers of the Company; to perform such investigation as may be required by insurance companies, banks, or otherwise, and for such purpose to request, prepare and supply reports on the representation, solvency, commercial standing or capacity of any individual or corporation, as well as on any other relevant aspects concerning such individual or corporation; to lease, purchase, sell or distribute warning, protection or other

safety appliances, devices, or equipment, and the services deriving therefrom; as well as to represent in Venezuela or in any other country or territory, corporations that engage in manufacturing, sale or distribution of said appliances, devices or equipment, and to render personal call and paging services through radio communication stations.

In general, the Company may carry out all acts, contracts and negotiations relating to the corporate purposes, proceeding as principal, agent, representative, contractor or otherwise, acting on its own or jointly with one or more individuals or corporations.

This list is merely illustrative, not limitative; consequently, the Company may engage in such other lawful activity or business as may be resolved by the Shareholders Meeting or the Board of Directors, or any other lawful transactions or business related to such activities.

ARTICLE 4: The duration of the Company shall be ninety-nine (99) years, commencing on the date of registration at the Mercantile Registry. This term shall be extended for equal periods unless the shareholders resolve otherwise.

CHAPTER II

Capital. Shareholders and Shares

ARTICLE 5: The capital of the Company is ________________________________ BOLIVARS (Bs._______________), represented by and divided into__________ _______ (________) registered shares, which may not be changed to bearer shares, having a par value of ONE THOUSAND BOLIVARS (Bs. 1,000) each, divided in ________________ (________) Class "A" shares and _____________ (________) Class "B" shares, all of which have the same rights and obligations and characteristics, except with regard

to the election of directors, officers of the Board of Directors and Examiners, as provided for herein.

ARTICLE 6: The capital of the Company has been entirely subscribed and paid in_______________, as follows: BRINK'S SECURITY INTERNATIONAL, INC. has subscribed______________________ (_____________) shares for_____________________BOLIVARS (Bs._____________); and VALORES TAMANACO, C.A. subscribed __________________ (____________) shares for BOLIVARS (Bs.___________).

ARTICLE 7: The stock certificates may include any number of shares and shall be signed by the Chairman of the Board of Directors or whoever replaces him and by one (1) principal or alternate member of the Board of Directors.

ARTICLE 8: Title to the registered shares shall be proven by the record in the Company's Stock Register, an entry that must be signed by the holder, or his attorney-in-fact who may be appointed by letter-proxy.

ARTICLE 9: The assignment of the registered shares, following compliance with Article 8, shall be implemented by a statement in the Company's Stock Register, signed by the assignor and the assignee, or by their attorneys-in-fact, who may be appointed by letter-proxy.

Assignment, lien or disposal of any kind with respect to the shares shall be subject to the following provisions:

1) No shareholder may sell, transfer, encumber, pledge, assign or in any manner dispose of the shares held without complying with the provisions of this document. Any action taken in violation of these provisions will be null and void for the company and/or the other shareholders.

2) If a shareholder wishes to sell or transfer shares of the

Company (the "Offeror"), then the Offeror shall first give written notice (the "Sale Notice") to the other shareholder (the "Offeree"), offering to sell any or all of its shares in the Company (the "Offered Shares") to the Offeree, in accordance with the provisions of this Article.

(a) If the Offeror has not yet received a bona fide offer from a third party, the Offeror shall offer the shares at fair market value as of the date the offer is made or deemed to have been made as determined in accordance with Article 9.3. The Offeree shall have thirty (30) calendar days following receipt of the Sale Notice or following the final determination of fair market value under Article 9.3 (whichever is later) to accept or reject the offer to buy all of the Offered shares by written notice to the Offeror. Failure to provide written notice of its intent to accept or reject within this thirty (30) calendar day period shall be deemed a rejection.

If accepted, the sale or transfer shall be completed within thirty (30) calendar days. If rejected after the process outlined above, then the Offeror shall have the right to sell or transfer the Offered Shares to a third party, provided that: (a) the selling price and the terms of the sale or transfer to the third party shall not be more favorable than those offered to the Offeree; (b) any transfer to the third party must be completed within three months following the final rejection of the offer by the Offeree; (c) the Offeree consents, in writing, to the sale or transfer to that third party, which consent shall not be unreasonably withheld; and (d) the third party complies with the provisions of any agreement between the Shareholders related with the Company.

(b) If the Offeror has received a bona fide offer from a third party to purchase the Offered Shares which the Offeror is prepared to accept, then a copy of that third party offer shall be attached to the Sale Notice to be provided to the Offeree. The Sale Notice shall constitute an offer, irrevocable within the time hereinafter specified for acceptance, by the Offeror to sell all of the Offered Shares to the Offeree at the same price per share of each class and on the same terms and conditions as set forth in the third party offer to purchase attached to the Sale Notice. The Offeree shall have thirty (30) calendar days following receipt of the Sale Notice from the Offeror to accept or reject the offer to buy all of the Offered Shares by written notice to the Offeror. Failure to provide written notice of its intent to accept or reject within this thirty (30) calendar days period shall be deemed a rejection.

If accepted, the sale or transfer shall be completed within thirty (30) calendar days. If rejected after the process outlined above, then the Offeror shall have the right to sell or transfer the Offered Shares to any third party (whether or not the third party making the original offer), provided that: (i) the sale or transfer shall be completed pursuant to terms no more favorable than those contained in the third party offer and which were attached to the Sale Notice; (ii) any sale or transfer to the third party must be completed within three months following the final rejection of the offer by the Offeree; (iii) the Offeree consents, in writing, to the sale or transfer to that third party, which consent shall not be unreasonably withheld; and (iv) the third party complies with any agreements between the Shareholders related to the Company.

ARTICLE 10: The shares shall grant equal rights to their holders

and shall be indivisible to the Company, which shall recognize only one holder per share; therefore, should a share come to be held by two (2) or more persons, it must be represented by one person alone.

ARTICLE 11: The shares which must be deposited in the corporate treasury, pursuant to these Articles of Incorporation and By-laws, for purposes of Article 244 of the Commercial Code, shall be inalienable and they are to be handled as provided for in said Article 244.

CHAPTER III

General Shareholders Meetings

ARTICLE 12: The supreme management of the Company is vested in the Shareholders Meeting and all lawful decisions thereof shall be binding on all the shareholders.

ARTICLE 13: The Annual Shareholders Meeting shall be held once a year, wherever specified by the Board of Directors, within three (3) months following the end of the Company's fiscal year, and must be called by the Board of Directors no less than fifteen (15) days in advance by notice to the shareholders or their representatives or publication in one of the newspapers of the Company's domicile, stating the purpose, date, place and time of the meeting. Special Shareholders Meetings shall be called with the notice specified above when deemed necessary by the Board of Directors or at the request of shareholders representing one fifth of the equity capital.

The provisions of the Commercial Code in this regard shall apply to any second call for an Annual or Special Shareholders Meeting.

ARTICLE 14: The Annual Shareholders Meeting has the following powers:

1) To discuss and approve, amend or revise the balance sheet and the accounts, having seen the Examiner's Report;

2) To elect the principal and alternate Directors;

3) To appoint the Examiners and their alternates;

4) To set the salaries and remunerations, if any, of the members of the Board of Directors and the Examiners; and

5) To consider any other item duly placed before it.

ARTICLE 15: For the validity of the deliberations and decisions of the Annual and Special Shareholders Meetings, the presence or representation of shareholders representing one half plus one of all the shares in the Company and the approval of the simple majority of the votes present at the meeting shall be required.

The above notwithstanding, the presence and favorable vote of shareholders representing at least seventy-five percent (75%) of the Company's equity capital shall be required for the validity of deliberations and decisions on the following special matters:

a) Change in the business of the Company as defined by this Agreement;

b) Amendment of the Articles of Incorporation and By-Laws involving the matters set forth in these provisions;

c) Except as otherwise agreed upon by the shareholders in any written agreement, the sale of assets of the Company with a value in excess of the Bolivar equivalent of US$2 Million, which amount shall be adjusted annually for inflation;

d) The decision to wind-up, dissolve or liquidate the Company or to place the Company in bankruptcy;

e) Any merger or consolidation of the Company with unrelated Company;

f) Any change in the dividend policy of the Company;

g) Any agreement between the Company and any shareholder or

Investor, not in the ordinary course of business;

h) Any decision seeking additional capital contributions from the Shareholders in an aggregate amount in excess of the Bolivar equivalent of USD 5,000,000 (Five Million U.S. Dollars) per year or seeking a guarantee by the Shareholders of indebtedness of the Company in an aggregate amount in excess of the Bolivar equivalent USD 5,000,000 (Five Million U.S. Dollars) per year; and

i) Any decision to submit the shares of the Company to a public auction.

Solely for purposes of Article 95 of the Law at the Central Bank of Venezuela, all amounts given in foreign currency are equivalent to , and at the current rate of exchange of Bs 475 per US$1.00,

Shareholders who are unable to attend the Shareholders Meeting in person for any reason or cause are entitled to be represented thereat by proxies appointed by letter, cable, telex, telefax or any other means of electronic transmission, addressed to the Board of Directors.

ARTICLE 16: The Annual and Special Shareholders Meetings shall be considered validly met to deliberate and resolve, without the need to comply with the requirement of prior call, whensoever all the shareholders or their duly appointed proxies are present.

ARTICLE 17: Minutes of every Shareholders Meeting are to be drawn up during a recess called for this purpose, and shall be signed by all those present, stating their names, the assets represented and the decisions reached. These minutes are to be entered in the Minute Book of the Shareholders Meetings.

CHAPTER IV

Administration

ARTICLE 18: The management and administration of the Company shall be vested in a Board of Directors comprising of five (5) Directors who shall have their respective alternates. The principal and alternate Directors may or may not be shareholders of the Company and shall be elected at the Annual Shareholders Meeting as follows: a) Class "A" shareholders will elect, separately from the other shareholders, three (3) principal directors and their respective alternates; and Class "B" shareholders shall elect, separately from the other shareholders, two (2) principal directors and their respective alternates. The Directors shall remain in office for one (1) year, unless the Shareholders Meeting decides on early dismissal, or until their successors have been appointed and have taken office. In the event of the absence of a Director, the alternate representing the same class of shares shall perform his duties. In the event of a permanent absence of one of the principal members of the Board of Directors, the latter must call a Special Shareholders Meeting within thirty (30) days to appoint the person who is to hold office for the remainder of the term. The holders of each class of shares shall have the right to remove the directors designated by them, for which purpose a Special Shareholders Meeting shall be called, at which the holders of the other class of shares shall be bound to be present and vote favorably.

The Annual Shareholders Meeting shall proceed to designate as Chairman of the Board of Directors a director proposed by the Class "A" shareholders.

The Shareholders Meeting shall also designate as the Secretary of the Board of Directors and his alternate, persons who may or may

not be members of the Board of Directors, proposed by the Class "A" shareholders.

ARTICLE 19: The Board of Directors shall meet regularly; however, it can also meet when it deems it necessary in the Company's best interests. Any 2 Directors may request the Chairman to call for a Board Meeting. The meetings shall be called by the Chairman of the Board of Directors or whoever replaces him, by means of notices to the directors, indicating the purpose of the meeting, regularly at least fourteen (14) calendar days in advance, except if the directors unanimously agree on shorter notice or if the urgency of the matter to be discussed justifies it and with the consent of at least three (3) directors. For a second meeting of the Board of Directors, in the event of a lack of quorum at the first meeting, the call may be made at least five (5) days in advance; and if a third meeting is necessary due to the lack of quorum at the second meeting, the third meeting will be automatically deemed to have been called on the business day following the date of the second meeting, at the same place and time. The Board of Directors Meetings may be held by means of a communication among the directors by means of video or telephone conference or other electronic means.

ARTICLE 20: The presence of at least four (4) directors shall be required for the validity of the meetings of the Board of Directors, at the first and second call, if any. In the event of a third call, the presence of three (3) directors will suffice. The resolutions of the Board of Directors shall be adopted with the favorable vote of the majority of the directors present.

ARTICLE 21: For the purposes set forth in Article 244 of the Commercial Code, one (1) Company share must be deposited in the corporate treasury by each of the members of the Board of Directors

or by a shareholder on his behalf.

ARTICLE 22: The Board of Directors shall be vested with full powers for the administration and control of the Company's business. Without prejudice to the general powers granted herein, the Board of Directors may specifically:

1) Carry out the administration of the Company;

2) Approve, authorize and enter into contracts of all kinds, including loans, credit and advances of any kind, as and under the terms and conditions it deems advisable;

3) As part of the corporate purposes, decide upon the purchase, addition or disposal of any of its real or personal assets;

4) Appoint managers, assistant managers, representatives and attorneys-in-fact, as well as employees, and set the remuneration and other terms of employment of all corporate personnel;

5) Authorize the granting of general and special powers of attorney to represent the Company in or out of court and authorize the revocation of said powers of attorney;

6) Establish the administration of the Company and determine the rules and regulations for the proper operation thereof, and require whatever bonds and security it deems necessary from the personnel;

7) Use the legal reserve fund in accordance with the legal provisions relating thereto;

8) Place before the Annual Shareholders Meeting a summary statement of the Company's operations, a balance sheet and a profit and loss statement; .

9) Decree the distribution of dividends from the net profits among the shareholders;

10) Appoint the individuals authorized to open, sign on and close bank accounts;

11) Appoint the individuals authorized to issue, sign, accept and negotiate checks, drafts, promissory notes or credit instruments of all kinds;

12) Represent the Company through the Chairman, or any other Board member authorized for this purpose, before the judicial, administrative and labor authorities, with the express power to dismiss proceedings or actions brought by the Company, invoke ordinary and extraordinary legal remedies of any kind, bring and defend suits; submit to arbitration, either that governed by equitable principles or that restricted to application of the law and, in general, represent the Company with the same full powers;

13) Call the Annual and Special Shareholders Meetings;

14) Exercise any other authority or power needed to achieve the corporate purpose, with the exception of those specifically attributed by law or the By-laws to another officer or body.

The powers, rights and obligations listed above are for illustrative and not limitative purposes and therefore do not restrict the powers of the Board of Directors, which has full powers when no Shareholders Meeting is being held, and authorize it to represent and do business on behalf of the Company with no reservations whatsoever except for the authority expressly granted to the Shareholders Meeting or the Examiners.

The Board of Directors may delegate any of its powers to directors, officers or such persons as it chooses, but this delegation shall appear in specific and written form.

ARTICLE 23: The Chairman of the Board of Directors shall be the out-of-court legal representative of the Company and shall have the

powers granted to him by these Articles and by the law as well as those delegated by the Shareholders Meeting or the Board of Directors. Without prejudice to the powers and responsibilities assigned to him by these entities, the Chairman shall specifically:

1) Chair and conduct the Shareholders Meetings.

2) Chair and conduct the meetings of the Board of Directors.

3) Call the Shareholders Meetings and the Board of Directors meetings.

4) Comply with and see to the enforcement of the resolutions of the Board of Directors.

ARTICLE 24: The Secretary of the Board shall have the powers and duties specified by the Board of Directors, inter alia, specifically, to keep the legal books of the Company and to certify minutes of the Board of Directors' and Shareholders Meetings. The alternate, when designated, will act in the Principal Secretary's absence.

CHAPTER V

The Judicial Representative

Article 25: The representation of the Company for all judicial actions and matters shall be entrusted to a Judicial Representative, who shall be elected by a Shareholders Meeting and may be dismissed at any time by a Shareholders Meeting. The Judicial Representative shall be the only person, with the exception of duly appointed attorneys-in-fact, authorized to represent the company on judicial matters and, as such, may accept any service of process and/or judicial notice addressed to the company. Moreover, the Judicial Representative shall be the only person, with the exception of duly appointed attorneys-in-fact, authorized on behalf of the company to initiate, answer, bring and oppose legal actions, demurrers and

counterclaims of all kinds; to receive processes, summons and/or notices; to accept service of process; to conduct cases at the trial and appellate levels and to appeal, even before the Supreme Court of Justice; to file, announce, formalize, continue and withdraw ordinary and extraordinary legal remedies, including the remedy of cessation; to call for, furnish and contest proof of any kind; to petition, seek enforcement of, process and oppose preventive or executive judicial measures of all kinds and, in general, to do all he considers advisable and/or necessary to best defend the company's judicial interests, as the foregoing enumeration of powers is illustrative and not limitative. It is, however, expressly understood that the Judicial Representative may consent to entry of judgment in accordance with the complaint, dismiss proceedings, compromise and settle, submit to arbitration, either that governed by equitable principles or that restricted to enforcement of the law, make bids and purchase goods at auctions and give or receive sums of money, provided the Board of Directors has given its prior authorization in writing.

The aforementioned Judicial Representative is the only person authorized to give sworn testimony before the courts of the Republic of Venezuela on behalf of the Company, without prejudice to the power of delegation provided for in the Code of Civil Procedure.

The Judicial Representative shall have an alternate to act in his temporary absence.

The appointment of the Company's Judicial Representative is without prejudice to the Board of Directors' right to appoint special or general judicial attorneys-in-fact to represent the Company before the administrative or judicial bodies, when considered to be in the Company's best interests specifying their

powers. The aforementioned attorneys-in-fact are to exercise their powers jointly or severally with the Judicial Representative, as provided for in the relevant power of attorney.

CHAPTER VI

The Examiner

ARTICLE 26: The Company shall have two (2) Examiners, one proposed by the Class "A" shareholders and the other proposed by the Class "B" shareholders. Each principal shall have an alternate proposed in the same manner, who will fill the absences of the respective principal. The principal and alternate Examiners shall have the powers and prerogatives which the Commercial Code assigns to that office. They shall be elected by the Annual Shareholders Meeting and shall hold office for one (1) year, unless removed from office earlier by a decision of a Shareholders Meeting, or until their successors have been elected and taken office.

CHAPTER VII

Fiscal Year. Balance Sheets and Profits

ARTICLE 27: The Company's first fiscal year started on the date it was registered at the Mercantile Registry and shall end on December 31, 1997; thereafter the Company's fiscal year shall commence on January 1 and end on December 31 every year.

ARTICLE 28: At the end of each fiscal year, the Board of Directors shall prepare the balance sheet as provided for in Article 304 of the Commercial Code and shall deliver it to the Examiner at least one (1) month before the day set for the Annual Shareholders Meeting at which it is to be discussed.

ARTICLE 29: The net profits shall be determined by deducting the

general expenses, amortization, and corporate liabilities from the Company's entire gross income.

ARTICLE 30: At least five percent (5%) of said net profit shall be set aside annually to create the reserve fund provided for in Article 262 of the Commercial Code until said fund totals the equivalent of ten percent (10%) of the equity capital. Furthermore, any other amounts deemed advisable by the Board of Directors and the Shareholders Meeting that approves the balance sheet shall be set aside for reserve or guaranty funds.

The balance, in other words the net profit, shall be placed at the disposal of the Board of Directors to be distributed among the shareholders as a dividend or to be invested in the Company's benefit or for any other purpose which the Board of Directors considers appropriate. Dividends declared and not claimed shall not earn interest.

CHAPTER VIII

Dissolution and Liquidation

ARTICLE 31: The Company may be dissolved before expiration of the duration for any of the reasons set forth in Article 340 of the Commercial Code."

Three: The Meeting then proceeded to make the following designations:

1. Members of the Board of Directors:

FOR CLASS "A" SHARES

PRINCIPAL DIRECTORS:

Name	Identification	Nationality

ALTERNATE DIRECTORS:

Name	Identification	Nationality

FOR CLASS "B" SHARES

PRINCIPAL DIRECTORS:

Name	Identification	Nationality

ALTERNATE DIRECTORS:

Name	Identification	Nationality

2. For the first term of the Board of Directors (identify)
_______ is appointed Chairman of the Board of Directors: (identify)
________ is appointed Secretary; and (identify) is appointed Alternate Secretary.

3. __________________________________ is appointed Judicial Representative and ________________________________, his alternate, both being attorneys at law, Venezuelan citizens, of this domicile and registered at the

Attorneys' Social Welfare Institute under No.__________ and No._____________, respectively.

4. The following Examiners are appointed: For Class "A" shareholders, __________________, a public accountant, of this domicile, bearer of ID Card __________________________ and registered at the Public Accountants Association of _____, CPA No._____, and his alternate________________________, a public accountant, of this domicile, bearer of ID Card _____________________ and registered at the Public Accountants Association of_______________, CPA No. ______. For Class "B" shares:_________________, a public accountant, of this domicile, bearer of ID Card _________________ and registered at the Public Accountants Association of______________, CPA No.________, and his alternate__________________, a public accountant, of this domicile, bearer of ID Card _________________________ and registered at the Public Accountants Association of __________________, CPA No.______

There being no further business, the meeting adjourned, authorizing the Secretary of the Board of Directors to certify the minutes and______________ to take the appropriate legal steps.

(Sgd)__________________ (Sgd)___________________

CERTIFICATION

Attachment B

MANAGEMENT AGREEMENT

This Management Agreement, made this ___ day of January, 1997, by and between CUSTRAVALCA BRINK'S, C.A. (the "Company"), a company organized and existing under the laws of Venezuela, and BRINK'S INTERNATIONAL MANAGEMENT GROUP, INC. ("BIMG"), a company organized and existing under the laws of Delaware, U.S.A.

WHEREAS, the Company provides the following services in Venezuela: armored car services for the transportation of currency, diamonds and jewelry, bullion and other valuables and securities; servicing of automated teller machines, including cash replacement, deposit pick-up and maintenance; processing, counting and wrapping coin; processing and counting paper currency; providing various currency vaulting services; and providing ground support for air courier services (collectively, the "Services");

WHEREAS, BIMG, by itself and through its parent corporation, Brink's, Incorporated, and affiliated companies (collectively "Brink's"), has long been engaged in and has significant expertise in providing such Services on a worldwide basis;

WHEREAS, the Company desires to have BIMG provide to it various management and related services in order to establish and maintain quality and efficient Services in Venezuela, and BIMG is willing to provide such services to the Company.

NOW THEREFORE, in consideration of the promises and mutual covenants contained herein the parties hereto agree as follows:

1. (a) BIMG shall provide technical assistance and management services to the Company to assist it in establishing and maintaining on an ongoing basis the Services in Venezuela. Such technical assistance and management services shall include advice and assistance with respect to operational and security procedures and policies, training, insurance, sales and marketing, management information systems, accounting systems and procedures, financial, legal and tax matters and employee relations.

(b) BIMG shall select the President and/or General Manager of the Company, who shall serve subject to the approval of the Board of Directors. BIMG shall have the right to assist the President and/or General Manager in the selection of other senior

officers of the Company and its subsidiary and affiliated companies and shall have the right to approval all such appointments. BIMG shall also have the right to recommend and approve the removal of the President and/or General Manager or any other management employee.

(c) To the extent necessary, BIMG shall provide training to management personnel of the Company and shall assist the Company in the development of ongoing training programs.

(d) BIMG shall provide assistance and recommendations to the Company in connection with preparation of annual budgets and business plans, for submission to the Board of Directors and/or Shareholders of the Company for their approval. BIMG shall also provide assistance and recommendations to management of the Company for the establishment of guidelines for customer contracts, including, but not limited to, pricing and liability issues, which guidelines shall be subject to approval by BIMG.

(e) As and to the extent requested by the Company, BIMG shall, subject to availability of such qualified personnel, provide services in relation to such other matters as may be covered by such request.

2. Although day-to-day management of the Company shall remain the responsibility of the Company's management personnel, BIMG shall be entitled to take such action as it deems appropriate to assure that the Services are provided by the Company in accordance with Brink's standards, including, but not limited to, securing the implementation by the Company: (a) of appropriate policies and procedures; and (b) of recommendations regarding such items as staffing, customer contracts, insurance, vehicles, security concerns and such other matters as appropriate under the circumstances presented or as BIMG, in its sole discretion, deems necessary for security and/or insurance purposes.

3. The Company shall pay to BIMG as compensation for the above services an amount which represents full reimbursement of costs and expenses incurred in connection with providing these services, to include travel and related expenses (e.g., hotel, food, transportation) for any Brink's personnel providing services to the Company under this Agreement and reimbursement of salary for any Brink's employee who spends at least one week in Venezuela providing services to the Company, and such other costs and expenses as may be agreed in the future by the Company and BIMG.

4. (a) BIMG agrees to provide access to the Company for its use in providing the Services such proprietary software (which contains technology and information systems) as is available to other Brink's related companies (at no acquisition cost to the

Company), provided, however, that BIMG does not assume any obligation hereunder to create any software for use in Venezuela or to otherwise modify its existing software.

(b) In addition, BIMG agrees to make available to the Company for its use in providing the Services any products, components, hardware or other equipment which may be available to other Brink's related companies, at a cost to be mutually agreed upon by the parties.

(c) The above notwithstanding, the parties acknowledge and agree that Brink's proprietary rights to its technology, products, processes and know-how shall at all times remain the sole and exclusive property of Brink's and that the Company shall not obtain or attempt to assert any right or interest in such rights. Further, the Company shall not at any time use any such information received from Brink's for any purpose other than for the sole purpose of providing the Services in Venezuela.

(d) Upon the expiration or termination of this Agreement for any reason, the Company shall cease using and shall not thereafter use for any purpose whatsoever, any proprietary software, technology, products, processes and know-how of Brink's, or any information relating thereto, and shall, upon the request of BIMG, return to Brink's copies of any software, products or material made available to the Company by Brink's in connection with this Agreement.

5. The Company hereby further agrees to maintain the strict confidentiality of and not to disclose, directly or indirectly, to third parties, any information it acquires during the course of or in connection with this Agreement relating in any way to the business of Brink's, including, but not limited to, policies, procedures, practices, training programs, customers or insurance. This paragraph shall not apply to: (i) information which is in the public domain, provided that it is not in the public domain through a breach of this Agreement by the receiving party; (ii) information which can be demonstrated to be independently developed by the receiving party; or (iii) information which the parties agree is no longer confidential.

6. Nothing in this Agreement shall be deemed to create a partnership, agency or other relationship between the parties. The parties enter into this Agreement as independent contractors.

7. (a) BIMG shall not be liable for non-performance or delays not caused by its fault or neglect, nor for non-performance or delays caused by strikes, lockouts or other labor disturbances, riots, acts of God or means beyond BIMG's control.

(b) In no event shall BIMG have any liability under this Agreement which exceeds the amount of compensation paid to it pursuant to this Agreement for the prior twelve month period.

(c) The Company shall indemnify and hold BIMG and Brink's harmless, including, but not limited to, reasonable attorneys' fees, in connection with any claim, lawsuit and/or demand by any of the Company's shareholders or third parties with respect to any act or decision of the Company, whether or not such act or decision was taken pursuant to the recommendation of BIMG or Brink's.

8. This Agreement shall terminate: (i) upon the termination of the Shareholders' Agreement dated January 10, 1997 by and between Valores Tamanaco, C.A. and Brink's Security International, Inc. ("BSI"); (ii) at such time as BSI (or another Brink's affiliated company) ceases to be a shareholder of the Company; or (iii) upon the termination of the Trademark License Agreement between the Company and Brink's Network, Inc.

9. Any notice required hereunder shall be given to the other party in writing in the English language by registered mail or registered air express service as the addresses set forth below or at such other address as may be specified in a written notice given by either party to the other.

10. No amendment, alteration, change or addition hereto shall be made other than by a writing signed by authorized representatives of both parties.

11. BIMG shall have the right to assign this Agreement to any affiliated company which is controlled, directly or indirectly, by Brink's, Incorporated.

12. (a) This agreement shall be construed under the laws of the State of Delaware, United States of America.

(b) Any dispute arising out of or in connection with this Agreement shall be finally settled by arbitration in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one arbitrator in accordance with such Rules. The arbitration proceedings shall be conducted in Paris, France. Arbitration proceedings, including documentation, shall be in the English language. The above notwithstanding, BIMG shall, at its discretion, have the right to seek injunctive relief in any court of competent jurisdiction in the event of any breach of this Agreement.

The arbitrator shall not be entitled to award punitive damages. The arbitration award, when filed by the parties hereto, shall be final and binding upon the parties. If necessary, judgment may be entered upon the final decision of the arbitrator in any court

of competent jurisdiction. The costs of the arbitration shall be borne by the losing party, unless otherwise determined by the arbitration panel, provided, however, that each side shall bear its own cost of counsel.

13. The governing language for this Agreement shall be English. In the event a translation should be legally required, the Agreement shall be translated by a public translator; the translation shall be approved by the Company and BIMG. Notwithstanding the existence of a translation, in the event of any discrepancy between the English version and the translated version, the English version shall prevail and English shall remain the governing language.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the day and year first hereinabove written.

CUSTRAVALCA BRINK'S, C.A.	BRINK'S INTERNATIONAL MANAGEMENT GROUP, INC.
By ________________________________	By ____________________________________
Name/Title	Name/Title
Address:	Address:

Attachment C

TRADEMARK LICENSE AGREEMENT

THIS AGREEMENT, effective as of ___________________________ (hereinafter referred to as the "EFFECTIVE DATE"), by and between Brink's Network, Incorporated, a Delaware Corporation, with its principal office for the transaction of business at One Thorndal Circle, Darien, Connecticut 06820 (hereinafter referred to as "LICENSOR"), and Custravalca Brink's, C.A., a corporation incorporated under the laws of Venezuela, with principal office for the transaction of business at ___________________________, Venezuela (hereinafter referred to as "LICENSEE").

WITNESSETH:

WHEREAS, Brink's, Incorporated, a Delaware corporation, has for many years used one or more of its TRADE SYMBOLS (as hereinafter defined), has obtained registrations for its trademarks and servicemarks and has established substantial goodwill throughout the world in connection with said trademarks and servicemarks;

WHEREAS, LICENSOR has been granted the right by Brink's, Incorporated to license the TRADE SYMBOLS to third parties, in countries, areas or territories as LICENSOR shall deem necessary and desirable;

WHEREAS, LICENSEE desires to provide services as defined below (hereinafter referred to as the "SERVICES"), utilizing the TRADE SYMBOLS, in the TERRITORY, as hereinafter defined, under grant of right by LICENSOR;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Definitions

For the purpose of this Agreement, the following definitions shall apply:

a) The term "TRADE SYMBOLS" shall mean:

i) the trademark or servicemark "Brink's" and variations thereof; and

ii) such slogans, labels, copyrights, emblems, insignia, and other trade identifying symbols used or registered by Brink's, Incorporated and/or LICENSOR anywhere in the world in connection with the sale of the SERVICES or hereafter designated by LICENSOR in writing for use in connection with the SERVICES,

whether or not said TRADE SYMBOLS be registered in the TERRITORY.

b) The term "TERRITORY" shall mean Venezuela.

c) The term "affiliated business organizations", "affiliated company" or "affiliates" shall mean any person, firm or corporation that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the company named.

d) The term "control" (including the terms "controlling", "controlled by" and "under common control with") as used herein shall mean the possession, direct or indirect, or the power to direct or cause the direction of the management and policies of any person, firm or corporation, whether through ownership of voting securities, by contract or otherwise.

e) the term "SERVICES" shall mean armored car services for the transportation of currency, diamonds and jewelry, precious metals and other valuables and securities; servicing of automated teller machines, including cash replacement, deposit pick-up and maintenance; processing, counting and wrapping coin; processing and counting paper currency; providing various vaulting services; providing international freight forwarding services for valuables (including customs clearance) and providing ground support for air courier services and all other services related to the foregoing.

2. Grant or Right to Use of the TRADE SYMBOLS

LICENSOR, to the extent that it may be able lawfully to do so, hereby grants to LICENSEE, during the term of this Agreement and subject to its terms and conditions, a non-exclusive and non-transferable right to use of the TRADE SYMBOLS in relation to the SERVICES within the TERRITORY. It is expressly understood that the rights granted herein do not extend to any other item, except those specific items set forth as the SERVICES, which such rights are expressly reserved to LICENSOR. Nothing herein contained shall prohibit, limit or restrict Brink's, Incorporated, or LICENSOR, in any form or manner from using, in the TERRITORY, the TRADE SYMBOLS, or any of

them either alone or as a component of another trademark and nothing herein contained shall prohibit, limit or restrict Brink's, Incorporated or LICENSOR from licensing or otherwise disposing of such use, in the TERRITORY, to any other person, firm or corporation. LICENSOR reserves the right to change or alter the definition, scope, design and/or content of the TRADE SYMBOLS and the TERRITORY during the continuance of this Agreement in which event, LICENSEE agrees to conform to and abide by such changes or alterations. LICENSEE shall have no right to sub-license the use of TRADE SYMBOLS.

3. Quality Control and Inspection

a) The permitted use by LICENSEE of the TRADE SYMBOLS shall be subject to the instructions of LICENSOR furnished to LICENSEE from time to time, and shall be made only in relation to the SERVICES which conform to standards and specifications furnished and/or approved, from time-to-time by LICENSOR. LICENSEE shall upon request by the LICENSOR submit to LICENSOR for approval designs, materials, packages, labels promotional materials and advertising for use in relation to the SERVICES. LICENSEE shall not offer for sale any of the SERVICES using the TRADE SYMBOLS which are of a quality or a standard inferior to that approved by LICENSOR or which will tend to injure the reputation and goodwill attached to the TRADE SYMBOLS.

b) LICENSEE shall at all times permit LICENSOR by representatives designated by LICENSOR, to inspect the SERVICES provided by LICENSEE under the TRADE SYMBOLS and the facilities where or by means of which the SERVICES are provided. At all times, LICENSEE shall comply with the reasonable quality control procedures furnished or approved, from time to time, by LICENSOR.

4. Title to TRADE SYMBOLS

a) LICENSEE recognizes and acknowledges Brink's, Incorporated's exclusive title to the TRADE SYMBOLS and LICENSOR'S right to license the TRADE SYMBOLS to LICENSEE hereunder and LICENSEE shall not, at any time, do or cause to be done any act or things which will in any way impair the rights of Brink's, Incorporated or LICENSOR in and to the TRADE SYMBOLS. It is understood and LICENSEE acknowledges that LICENSEE shall not acquire and shall not claim title to the TRADE SYMBOLS adverse to Brink's, Incorporated or LICENSOR by virtue of this license granted to LICENSEE or through LICENSEE'S use of the TRADE SYMBOLS, it being

the intention of the parties that all of the use of TRADE SYMBOLS by LICENSEE, including any and all goodwill arising from LICENSEE'S use thereof, shall at all times inure to the benefit of Brink's, Incorporated and LICENSOR. LICENSEE further undertakes that in the event any infringement of the rights of Brink's, Incorporated and LICENSOR to any of the TRADE SYMBOLS in the TERRITORY comes to the notice of LICENSEE during the term of this Agreement, LICENSEE shall promptly notify LICENSOR, in writing, and shall join with LICENSOR, if requested by LICENSOR, in taking such steps, if any, as LICENSOR may deem advisable against the infringement, or otherwise, for the protection of LICENSOR'S and Brink's, Incorporated's rights. LICENSEE shall take no such action without the express written consent of LICENSOR.

b) LICENSEE shall, at LICENSOR'S request, execute, acknowledge and deliver to LICENSOR any documents and/or instruments that LICENSOR may, from time to time, deem necessary or desirable to evidence, protect, enforce or defend Brink's, Incorporated's rights and LICENSOR'S rights in and to the TRADE SYMBOLS. LICENSOR and LICENSEE shall cooperate in good faith in all actions to protect the TRADE SYMBOLS.

c) Upon termination or cancellation of this Agreement, by expiration or otherwise, LICENSEE shall immediately discontinue and shall thereafter refrain from the use of the TRADE SYMBOLS, or any of them, in any way or for any purpose whatsoever, and will not use at any time, any trademarks, servicemarks, trade names, slogans, labels, copyrights, emblems, insignia, packages and other trades identifying symbols bearing resemblance to the TRADE SYMBOLS or any of them.

d) Upon termination of this Agreement, LICENSEE shall ship to LICENSOR, upon request of LICENSOR, any and all printed matter, displaying any TRADE SYMBOL.

5. Royalties

a) Commencing January l, 2000 (or such later date as may be mutually agreed upon by the parties), LICENSEE shall pay to LICENSOR, in consideration of the rights granted to LICENSEE by LICENSOR hereunder, a royalty equal to three percent (3%) of LICENSEE'S gross revenue per year from all sources, payable during the continuance of this Agreement on a quarterly basis.

b) LICENSEE shall maintain itemized, complete and accurate books of account with respect to its performance under this Agreement.

c) All payments due to LICENSOR hereunder shall be made to LICENSOR in United States Dollars, converted from local currency at the average official rate of exchange during the quarter immediately prior to such payment, at LICENSOR'S Treasurer's office, or in such manner or at such other place as may be designated by LICENSOR in writing.

d) Any taxes, duties or imposts, other than income or profit taxes assessed or imposed upon the sums due hereunder to LICENSOR or upon or with respect to this Agreement, shall be borne and discharged by LICENSEE and no part thereof shall be deducted from any amount payable to LICENSOR under any clause of this Agreement, said amounts to be net to LICENSOR, free of any and all deductions, except as provided herein.

6. Promotional Activities

LICENSEE shall conscientiously work and fully develop the TERRITORY, use its best efforts to fully adequately promote the sale of the SERVICES under the TRADE SYMBOLS in the TERRITORY, and maintain the high standards of LICENSOR as to advertising and all other promotion and promotional material. LICENSOR retains the right to review and approve all advertising and other promotional material. All advertising and promotional material will be prepared in accordance with applicable law.

7. Disclaimer of Warranty

While LICENSOR believes that none of the TRADE SYMBOLS licensed hereunder will infringe on any rights, trademark or otherwise, owned by any other person, firm or corporation, it does not warrant that any such TRADE SYMBOLS do not or will not infringe on any rights, trademark or otherwise in any part of the world.

8. Term

Unless sooner terminated as provided for in this Agreement, this Agreement shall remain in effect only during the term of the Shareholders' Agreement, dated January 10, 1997, by and between Brink's Security International, Inc. ("BSI") and Valores Tamanaco, C.A. (the "Shareholders' Agreement"). This Agreement shall immediately terminate upon: (i) the termination of the Shareholders' Agreement for any reason

whatsoever, (ii) BSI (or another Brink's affiliate) ceasing to be a shareholder of the LICENSEE; (iii) the termination of the Management Agreement between BSI (or another Brink's affiliate) and LICENSEE, dated January __. 1997; or (iv) the existence of any other ground for termination as set forth in this Agreement.

9. Termination

a) Either party to this Agreement shall have, in addition to any other rights and remedies it may have hereunder or at law or in equity, the right to terminate the same on thirty (30) days' written notice to the other, if the other party shall breach or default in the performance of any material provision hereof; provided, however, that if the party receiving such notice of termination shall cure the breach or default within such thirty (30) day period, the Agreement shall continue in full force and effect.

b) LICENSOR shall have the right, notwithstanding any other provisions of this Agreement, and in addition to any other rights and remedies it may have, to terminate this Agreement forthwith and at any time if LICENSEE becomes insolvent or if LICENSEE files a petition in bankruptcy or insolvency; or if LICENSEE is adjudicated bankrupt or insolvent; or if LICENSEE files any petition or answer seeking reorganization, readjustment, or arrangement of LICENSEE'S business under any law relating to bankruptcy or insolvency; or if a receiver, trustee or liquidation is appointed for any of the property of LICENSEE and within sixty (60) days thereof LICENSEE fails to secure a dismissal thereof; or if LICENSEE makes any assignment for the benefit of creditors.

c) LICENSOR shall have, notwithstanding any other provisions of this Agreement, and in addition to any other rights and remedies it may have, the right to terminate this Agreement, at any time, one thirty (30) days' written notice to LICENSEE if any competitor of LICENSOR is, or becomes, an affiliate of LICENSEE.

d) In any event, termination shall not prejudice any cause of action or claim of either party accrued or to accrue by reason of any breach by the other party.

10. Indemnification

LICENSEE agrees to indemnify LICENSOR and Brink's, Incorporated and hold LICENSOR and Brink's, Incorporated harmless from any and all claims, suits, losses,

costs and/or expenses arising out of or in connection with LICENSEE'S performance under this Agreement.

11. Exoneration from Responsibility

Neither LICENSOR nor its employees shall have any responsibility for the operation or performance of the facilities contemplated under this Agreement, nor for any decisions which may be made in connection therewith, whether upon the recommendation of LICENSOR or otherwise.

12. Governing Law; Jurisdiction

a) The laws of the State of Connecticut (without giving effect to principles of conflicts of law), to the exclusion of the laws of any other state, shall be applicable to this Agreement, its construction, interpretation, effect, performance or non-performance, or the consequences thereof, as well as to all transactions contemplated by this Agreement, and their construction, interpretation, effect, performance or non-performance and the consequences thereof.

b) Any dispute arising out of or in connection with the present Agreement shall be finally settled by Arbitration in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one arbitrator in accordance to said Rules. Arbitration proceedings will be conducted in Paris, France. The language of the proceedings, including all documentation, shall be English. The above notwithstanding, LICENSOR shall, at its discretion, have the right to seek injunctive relief in any court of competent jurisdiction in the event of any breach of this Agreement.

c) The arbitrator shall not be entitled to award punitive damages. The arbitration award, when filed by the parties hereto, shall be final and binding upon the parties. If necessary, judgment may be entered upon the final decision of the arbitrator in any court having competent jurisdiction. The costs of the arbitration shall be borne by the losing party unless otherwise determined by the arbitrator, provided, however, that each side shall bear its own cost of counsel.

13. Independent Contractor

Nothing contained in this Agreement shall constitute LICENSEE the agent or legal representative of LICENSOR for any purpose whatsoever. LICENSEE is not

granted any right or authority to assume or create any obligation or responsibility, express or implied, on behalf of, or in the name of LICENSOR, or to bind LICENSOR in any manner, or with respect to any thing whatsoever.

14. Assignment - Sale - Merger

This Agreement shall not be assignable in whole or in part by either party hereto, except that LICENSOR shall have the unconditional right to assign this Agreement to another member of its corporate group. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their successors and assigns (where permitted by the terms of this Agreement).

If any of the following events occur during the continuance of this Agreement, this Agreement shall automatically by these terms be terminated as of the effective date of the event:

a) the merger or consolidation of LICENSEE, unless approved by LICENSOR;

b) the transfer or sale of all or substantially all of the assets of LICENSEE to a third party(ies); or

c) the transfer or sale of all or a majority of the stock of LICENSEE to a third party(ies).

15. Notices

All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing, in English and shall be deemed to have been given if delivered personally or sent by telefax, confirmed by registered air mail effective on the date of the telefax confirmation if the hard copy confirmation is mailed on the same day or within two business days thereafter, to the following addresses:

If to LICENSOR to:

Senior Vice President, Finance
Brink's Network, Incorporated
One Thorndal Circle
P.O. Box 1225

Darien, CT 06820
U.S.A.
Telefax No: (203) 662-7854

(With a copy to the General Counsel of Brink's, Incorporated at the same address.)

If to LICENSEE to:

Custravalca Brink's, C.A.

Venezuela
Telefax No.: ------------

or to such other address and/or individual as may be furnished, from time to time, in writing, by the parties hereto.

16. Miscellaneous

a) This Agreement contains the entire agreement of the parties hereto and no provision of this Agreement may be changed or modified except in writing signed by the parties hereto.

b) The failure of either party to enforce any right hereunder shall not be deemed a waiver of any other right hereunder or any other breach or failure by said party, whether of a similar nature or otherwise.

c) If any provision of this Agreement shall be declared void by any court, or administrative body of competent jurisdiction, the validity of any other provision which may nonetheless be given effect shall not be affected thereby.

d) The governing language for this Agreement shall be English. In the event a translation should be legally required, the translation shall be provided by the Secretary of the LICENSEE, which translation shall be approved by LICENSOR and LICENSEE. Notwithstanding the existence of a translation, in the event of any discrepancy between the English version and the translated version, the English version shall prevail and English shall remain the governing language.

e) The parties hereto warrant that they are fully authorized and empowered to enter into this Agreement on behalf of their respective companies and that such action does not contravene any existing statute, decree, contract or other provision of whatever nature.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BRINK'S NETWORK, INCORPORATED
(LICENSOR)

By

Title

WITNESS:

- ----------------------

CUSTRAVALCA BRINK'S, C.A.
(LICENSEE)

By

Title

WITNESS:

- ----------------------

Pittston Brink's Group

SELECTED FINANCIAL DATA

The following Selected Financial Data reflects the results of operations and financial position of the businesses which comprise Pittston Brink's Group ("Brink's Group") and should be read in connection with the Brink's Group's financial statements. The financial information of the Brink's Group, Pittston BAX Group ("BAX Group") and Pittston Minerals Group ("Minerals Group") supplements the consolidated financial information of The Pittston Company and Subsidiaries ("the Company") and, taken together, includes all accounts which comprise the corresponding consolidated financial information of the Company.

FIVE YEARS IN REVIEW

(In thousands, except per share amounts)	1998	1997	1996	1995	1994
SALES AND INCOME (a):					
Operating revenues	$1,451,267	1,101,434	909,813	788,395	656,993
Net income (a), (b)	79,104	73,622	59,695	51,093	41,489
FINANCIAL POSITION (a):					
Net property, plant and equipment	$490,727	346,672	256,759	214,653	180,930
Total assets	977,004	692,330	551,665	484,726	426,887
Long-term debt, less current maturities	93,345	38,682	5,542	5,795	7,990
Shareholder's equity	461,410	380,480	313,378	258,805	215,531
AVERAGE PITTSTON BRINK'S GROUP COMMON SHARES OUTSTANDING (c), (d):					
Basic	38,713	38,273	38,200	37,931	37,784
Diluted	39,155	38,791	38,682	38,367	38,192
PITTSTON BRINK'S GROUP COMMON SHARES OUTSTANDING (c)	40,961	41,130	41,296	41,574	41,595
PER PITTSTON BRINK'S GROUP COMMON SHARE (b), (c):					
NET INCOME (c):					
Basic	$ 2.04	1.92	1.56	1.35	1.10
Diluted	2.02	1.90	1.54	1.33	1.09
Cash dividends	.10	.10	.10	.09	.09
Book value (e)	11.87	9.91	8.21	6.81	5.70

(a) See Management's Discussion and Analysis for discussion of acquisitions.

(b) As of January 1, 1992, Brink's Home Security, Inc. ("BHS") elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase income before cumulative effect of accounting changes and net income of the Brink's Group by $3,852 or $0.10 per basic and diluted share in 1998, $3,213 in 1997, $2,723 in 1996, $2,720 in 1995 and $2,486 in 1994. The net income per basic and diluted share impact was $0.08 in 1997 and for 1994 through 1996 was $0.07.

(c) All share and per share data presented reflects the completion of the Brink's Stock Proposal which occurred on January 18, 1996. Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust of 2,076 shares, 2,734 shares, 3,141 shares, 3,553 shares and 3,779 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. Average shares outstanding do not include these shares. The initial dividends on Brink's Stock were paid on March 1, 1996. Dividends paid by the Company on Services Stock have been attributed to the Brink's Group in relation to the initial dividends paid on the Brink's and BAX Stocks.

(d) The net income per share amounts prior to 1997 have been restated, as required, to comply with Statement of Financial Accounting Standards No. 128, "Earnings Per Share". For further discussion of net income per share, see Note 10 to the Brink's Group Financial Statements.

(e) Calculated based on the number of shares outstanding at the end of the period excluding shares outstanding under the Company's Employee Benefits Trust.

Pittston Brink's Group

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The financial statements of the Pittston Brink's Group (the "Brink's Group") include the balance sheets, results of operations and cash flow of the Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of the Pittston Company (the "Company"), and a portion of the Company's corporate assets and liabilities and related transactions which are not specifically identified with operations of a particular segment. The Brink's Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate amounts reflected in these financial statements are determined based upon methods which management believes provide a reasonable and equitable estimate of costs, assets and liabilities attributable to the Brink's Group.

The Company provides holders of the Pittston Brink's Group Common Stock ("Brink's Stock") separate financial statements, financial reviews, descriptions of business and other relevant information for the Brink's Group in addition to consolidated financial information of the Company. Holders of Brink's Stock are shareholders of the Company, which is responsible for all its liabilities. Therefore, financial developments affecting the Brink's Group, the Pittston BAX Group (the "BAX Group") or the Pittston Minerals Group (the "Minerals Group") that affect the Company's financial condition could therefore affect the results of operations and financial condition of each of the Groups. Accordingly, the Company's consolidated financial statements must be read in connection with the Brink's Group's financial statements.

The following discussion is a summary of the key factors management considers necessary in reviewing the Brink's Group's results of operations, liquidity and capital resources. This discussion must be read in conjunction with the financial statements and related notes of the Brink's Group and the Company.

RESULTS OF OPERATIONS

(In thousands)	Years Ended December 31 1998	1997	1996
Brink's:			
North America	$541,142	482,182	418,941
Europe	370,178	146,464	128,848
Latin America	310,064	266,445	182,481
Asia/Pacific	26,297	26,760	23,741
Total Brink's	1,247,681	921,851	754,011
BHS	203,586	179,583	155,802
Total operating revenues	1,451,267	1,101,434	909,813
Operating profit:			
Brink's:			
North America	$49,046	40,612	34,387
Europe	27,080	10,039	4,734
Latin America	23,571	28,711	15,243
Asia/Pacific	(1,277)	2,229	2,459
Total Brink's	98,420	81,591	56,823
BHS	53,032	52,844	44,872
Total segment operating profit	151,452	134,435	101,695
General corporate expense	(9,178)	(6,871)	(7,457)
Total operating profit	142,274	127,564	94,238
Depreciation and amortization			
Brink's	$45,742	30,758	24,293
BHS	36,630	30,344	30,115
General corporate	238	229	158
Total depreciation and amortization	82,610	61,331	54,566
Cash capital expenditures			
Brink's	$74,716	45,234	32,149
BHS	81,671	70,927	61,522
General corporate	204	109	2,083

Total cash capital expenditures	156,591	116,270	95,754

The Brink's Group's net income amounted to $79.1 million ($2.02 per share) in 1998, compared with the $73.6 million ($1.90 per share) earned in 1997. Revenues for 1998 increased $349.8 million (32%) as compared to 1997, of which $325.8 million related to Brink's and $24.0 million to BHS. Operating profit totaled $142.3 million, $14.7 million (12%) higher than the amounted reported in 1997, due to increases in both Brink's and BHS, partially offset by higher corporate expenses.

The Brink's Group's net income amounted to $73.6 million ($1.90 per share) in 1997, compared with the $59.7 million ($1.54 per share) earned in 1996. Revenues for 1997 increased $191.6 million (21%) as compared to 1996, of which $167.8 million related to Brink's and $23.8 million to BHS. Operating profit totaled $127.6 million, $33.3 million (35%) higher than the amounted reported in 1996, due to increases in both Brink's and BHS, along with lower corporate expenses.

BRINK'S

Brink's worldwide consolidated revenues totaled $1.2 billion in 1998 compared to $921.9 million in 1997, a 35% increase. Brink's 1998 operating profit of $98.4 million represented a 21% increase over the $81.6 million of operating profit reported in 1997.

Revenues from North American operations increased $59.0 million (12%), to $541.1 million in 1998 from $482.2 million in 1997. North American operating profit increased $8.4 million (21%) to $49.0 million in the current year from $40.6 million in 1997. The revenue and operating profit improvement for 1998 primarily resulted from improvements in its armored car operations which includes ATM services.

Revenues and operating profit from European operations in 1998 amounted to $370.2 million and $27.1 million, respectively. These amounts represented increases of $223.7 million and $17.0 million, respectively, from 1997. The 153% increase in revenue was primarily due to the acquisition of substantially all of the remaining shares (62%) of the Brink's subsidiary in France in the first quarter of 1998 (discussed below) and of its subsidiary in Germany (50%) in the second quarter of 1998. The 170% increase in operating profits primarily reflects improved results from operations in France, as well as the increased ownership. However, this improvement was partially offset by lower results in Belgium, caused by industry-wide labor unrest in that country which was resolved in the first quarter of 1998.

In 1998, Latin American revenues increased 16% to $310.1 million, while operating profit decreased 18% to $23.6 million as compared to 1997. The increased revenues were primarily attributable to operations in Venezuela. Operating profit was favorably impacted by higher results from Venezuela which were more than offset by costs associated with start-up operations in Argentina and an equity loss from Brink's 20% owned affiliate in Mexico.

Revenues from Asia/Pacific operations were $26.3 million and $26.8 million in 1998 and 1997, respectively, while the operating loss was $1.3 million in 1998 and the operating profit was $2.2 million in 1997. The lower level of profit in 1998 was primarily due to additional expenses associated with the expansion of operations in Australia.

Brink's worldwide consolidated revenues totaled $921.9 million in 1997 compared to $754.0 million in 1996, a 22% increase. Brink's 1997 operating profit of $81.6 million represented a 44% increase over the $56.8 million of operating profit reported in 1996.

Revenues from North American operations increased $63.2 million (15%), to $482.2 million in 1997 from $418.9 million in 1996. North American operating profit increased $6.2 million (18%) to $40.6 million in 1997 from $34.4 million in 1996. The revenue and operating profit improvement for 1997 primarily resulted from improvements in its armored car operations which includes ATM services.

Revenues and operating profit from European operations in 1997 amounted to $146.5 million and $10.0 million, respectively. These amounts represented increases of $17.6 million (14%) and $5.3 million (112%) from 1996. The improvement in revenues and operating profit in 1997 was due to stronger results in most European countries, partially offset by lower results from the then 38% owned affiliate in France.

In Latin America, revenues and operating profit increased 46% to $266.4 million and 88% to $28.7 million, respectively, from 1996 to 1997. These increases were primarily due to the consolidation of the results of Brink's Venezuelan subsidiary, Custodia y Traslado de Valores, C.A. ("Custravalca"), where Brink's increased its ownership from 15% to 61% in January 1997.

Revenues and operating profits from Asia/Pacific operations in 1997 were $26.8 million and $2.2 million respectively, compared to $23.7 million and $2.5 million, respectively, in 1996.

BHS

The following is a table of selected financial data for BHS on a comparative basis:

	Years Ended December 31		
(Dollars in thousands)	1998	1997	1996
Monitoring and service	$73,245	63,457	48,814
Net marketing, sales and installation	(20,213)	(10,613)	(3,942)
Operating profit	$53,032	52,844	44,872

Monthly recurring revenues (a)	15,104	12,893	10,676
Number of subscribers:			
Beginning of period	511,532	446,505	378,659
Installations	113,491	105,630	98,541
Disconnects, net (b)	(39,458)	(40,603)	(30,695)
End of period	585,565	511,532	446,505

(a) Monthly recurring revenues are calculated based on the number of subscribers at period end multiplied by the average fee per subscriber received in the last month of the period for monitoring, maintenance and related services.

(b) Includes 4,281 of special limited service contracts for a large homeowners' association that were discontinued as of December 31, 1997.

Revenues for BHS increased by $24.0 million (13%) to $203.6 million in 1998 from $179.6 million in 1997. Revenues in 1997 were $23.8 million (15%) higher than the $155.8 million earned in 1996. The increase in revenues in both years was predominantly the result of higher ongoing monitoring and service revenues caused by growth of the subscriber base (14% in 1998 and 15% in 1997), as well as higher average monitoring fees. As a result of such growth, monthly recurring revenues grew 17% and 21%, respectively, in the 1998 and 1997 periods. Installation revenue for 1998 and 1997 decreased 4% and 3%, respectively, over the earlier year. While the number of new security system installations increased, the revenue per installation decreased in response to continuing competitive pricing pressures.

Operating profit in 1998 increased $0.2 million to $53.0 million as compared to 1997. In 1997, operating profit of $52.8 million represented an $8.0 million increase over 1996. The increase in 1997 operating profit includes a $8.9 million reduction in depreciation expense resulting from a change in estimate (discussed below). Operating profit in both 1998 and 1997 was favorably impacted by increases in operating profit generated from monitoring and service activities of $9.8 million (15%) and $14.6 million (30%), respectively. The improvement during both years was due to the growth in the subscriber base combined with the higher average monitoring fees. However, growth in overall operating profit was negatively impacted by the increases in the net cost of marketing, sales and installation related to gaining new subscribers which increased $9.6 million and $6.7 million during 1998 and 1997, respectively, as compared to the earlier year. The increase in this upfront net cost in both years is due to higher levels of sales and marketing costs incurred and expensed, combined with lower levels of installation revenue. Both of these factors are a consequence of the continuing competitive environment in the residential security market. Management expects to slow the relative increases of these upfront costs during 1999 through intensified focus on marketing and sales efficiencies.

It is BHS' policy to depreciate capitalized subscriber installation expenditures over the estimated life of the security system based on subscriber retention percentages. BHS initially developed its annual depreciation rate based on information about subscriber retention which was available at the time. However, accumulated historical data about actual subscriber retention has indicated that subscribers remained active for longer periods of time than originally estimated. Therefore, in order to reflect the higher demonstrated retention of subscribers, and to more accurately match depreciation expense with monthly recurring revenue generated from active subscribers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscriber installation costs. BHS will continue its practice of charging the remaining net book value of all capitalized subscriber installation expenditures to depreciation expense as soon as a system is identified for disconnection. This change in estimate reduced depreciation expense for capitalized installation costs in 1997 by $8.9 million. As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel and costs incurred in maintaining facilities and vehicles dedicated to the installation process. The effect of this change in accounting principle was to increase operating profit for the Brink's Group and the BHS segment for 1998, 1997 and 1996 by $6.1 million, $4.9 million and $4.5 million, respectively. The effect of this change increased diluted net income per common share of Brink's Stock by $0.10 in 1998, $0.08 in 1997 and by $0.07 in 1996.

FOREIGN OPERATIONS

A portion of the Brink's Group financial results is derived from activities in a number of foreign countries located in Europe, Asia and Latin America, each with a local currency other than the US dollar. Because the financial results of the Brink's Group are reported in US dollars, they are affected by changes in the value of the various foreign currencies in relation to the US dollar. Changes in exchange rates may also adversely affect transactions which are denominated in currencies other than the functional currency. Brink's periodically enters into such transactions in the course of its business. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency fluctuations may have in any one country on the translated results. Brink's, from time to time, uses foreign currency forward contracts to hedge transactional risks associated with foreign currencies. (See "Market Risk Exposures" below.) Translation adjustments of net monetary assets and liabilities denominated in the local currency relating to operations in countries with highly inflationary economies are included in net income, along with all transaction gains or losses for the period. A subsidiary in Venezuela and an affiliate in Mexico operate in such highly inflationary economies. Prior to January 1, 1998, the economy in Brazil, in which Brink's has a subsidiary, was also considered highly inflationary. As of January 1, 1999, the economy of Mexico will no longer be considered hyperinflationary.

The Brink's Group is also subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions, political instability, controls on repatriation of earnings and capital, nationalization, expropriation and other forms of restrictive action by local governments. The future effects, if any, of such risks on the Brink's Group cannot be predicted.

CORPORATE EXPENSES

A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Brink's Group based upon utilization and other methods and criteria which management believes to be an equitable and a

reasonable estimate of the cost attributable to the Brink's Group. These attributions were $9.2 million in 1998, $6.9 million in 1997 and $7.5 million in 1996.

Corporate expenses in 1998 include additional expenses of approximately $5.8 million related to a retirement agreement between the Company and its former Chairman and CEO. Approximately $2.0 million of this $5.8 million of expenses have been attributed to the Brink's Group. Corporate expenses in the 1998 period also included costs associated with a severance agreement with a former member of the Company's senior management.

Higher 1996 corporate expenses were primarily due to the relocation of the Company's corporate headquarters to Richmond, Virginia, during September 1996, which amounted to $2.9 million. Approximately $1 million of these costs were attributed to the Brink's Group.

OTHER OPERATING INCOME, NET

Other net operating income increased $0.3 million to $2.1 million in 1998 and decreased $0.6 million to $1.8 million in 1997. Other operating income principally includes the equity earnings of Brink's foreign affiliates and foreign currency exchange gains and losses. Equity earnings in 1998 decreased $0.2 million as the earnings improvement and subsequent consolidation of Brink's affiliate in France, which recorded an equity loss in 1997, was more than offset by higher equity losses of Brink's 20% owned affiliate in Mexico in 1998.

INTEREST EXPENSE, NET

Net interest expense increased $9.6 million to $18.4 million in 1998 and increased $9.7 million to $8.7 million in 1997. The increase in 1998 was due to unusually high interest rates in Venezuela associated with local currency borrowings in that country as well as higher average borrowings related to the acquisitions in France and Germany. The increase in 1997 was due to Custravalca acquisition debt and higher average interest rates in Venezuela.

OTHER INCOME/EXPENSE, NET

Other net income/expense, which principally includes foreign translation gains and losses and minority interest expense or income, was income of $1.6 million in 1998 and expense of $5.6 million and $5.4 million in 1997 and 1996, respectively. The 1998 year reflects higher foreign translation gains, lower minority interest ownership expense and higher gains on sale of investments. The higher level of expense in 1997 also reflects an increase in minority interest expense, resulting from the consolidation of the now 61% owned Custravalca (early 1997).

INCOME TAXES

The provision for income taxes was 37% in 1998, 35% in 1997 and 33% in 1996. The 1998 rate exceeded the statutory federal income tax rate of 35% primarily due to increased taxes on foreign income. In 1996 the provision for income taxes was less than the statutory federal income tax rate of 35% due to lower taxes on foreign income partially offset by additional provisions for state income taxes.

FINANCIAL CONDITION

A portion of the Company's corporate assets and liabilities has been attributed to the Brink's Group based upon utilization of the shared services from which assets and liabilities are generated. Management believes this attribution to provide a reasonable and equitable estimate of the assets and liabilities attributable to the Brink's Group.

Corporate assets which were allocated to the Brink's Group consisted primarily of pension assets and deferred income taxes and amounted to $66.9 million and $58.2 million at December 31, 1998 and 1997, respectively.

CASH FLOW REQUIREMENTS

Cash flow from operating activities increased $22.7 million to $169.7 million. The increase primarily reflects higher levels of net income, which included higher amounts for depreciation and amortization and other non-cash charges partially offset by increased funding requirements for working capital. Cash generated from operating activities was sufficient to fund investing activities, primarily capital expenditures, and acquisition of increased ownership positions in affiliates.

CAPITAL EXPENDITURES

Cash capital expenditures for 1998 totaled $156.6 million, of which $74.7 million was spent by Brink's and $81.7 million was spent by BHS. In 1998, $77.7 million (50%) of the Brink's Group's total cash capital expenditures was attributable to BHS customer installations, principally reflecting expansion of the subscriber base. Capital expenditures made by Brink's during 1998 were primarily for expansion, replacement or maintenance of assets used in ongoing business operations. Cash capital expenditures totaled $116.3 million in 1997.

Cash capital expenditures in 1999 are currently expected to approximate $165 million. The higher level of capital expenditures is expected to result largely from expenditures at BHS, reflecting continued growth of the subscriber base, and at Brink's for expansion of North America and international operations.

The foregoing amounts exclude expenditures that have been or are expected to be financed through capital and operating leases, or acquisition expenditures.

FINANCING

The Brink's Group intends to fund cash capital expenditures through cash flow from operating activities. Shortfalls, if any, will be financed through the Company's revolving credit agreements, other borrowing arrangements or repayments from the Minerals Group (as described under "Related Party Transactions").

Total debt outstanding at December 31, 1998 was $145.2 million, $89.9 million higher than the $55.3 million at December 31, 1997. The increase in debt is largely attributable to additional borrowings associated with the acquisition of substantially all the remaining shares of Brink's subsidiary in France (discussed below).

The Company has a $350.0 million credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. As of December 31, 1998 and 1997, borrowings of $100.0 million were outstanding under the term loan and $91.6 million and $25.9 million, respectively, of additional borrowings were outstanding under the revolving portion of the Facility. No portion of the total amount outstanding under the Facility at December 31, 1998 or at December 31, 1997 was attributed to the Brink's Group.

Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398 million at December 31, 1998.

In the first quarter of 1998, in connection with its purchase of the remaining share (62%) of the Brink's French affiliate ("Brink's S.A."), the company made a note to the seller for a principal amount of US $27.5 million payable in annual installments plus interest through 2001. In addition, borrowings of approximately US $19 million and capital leases of approximately US $30 million were assumed.

In connection with its acquisition of Custravalca, Brink's entered into a borrowing arrangement with a syndicate of local Venezuelan banks. The borrowings consisted of a long-term loan denominated in the local currency equivalent to US $40.0 million and a $10.0 million short-term loan denominated in US dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. As of December 31, 1998, total borrowings under this arrangement were equivalent to US $27.2 million.

RELATED PARTY TRANSACTIONS

At December 31, 1998, under an interest bearing borrowing arrangement, the Minerals Group owed the Brink's Group $20.3 million, a decrease of $6.7 million from the $27.0 million owed at December 31, 1997. At December 31, 1998 and 1997, the Brink's Group owed the Minerals Group $12.9 million and $19.4 million, respectively, for tax payments representing the Minerals Group's tax benefits utilized by Brink's Group in accordance with the Company's tax sharing policy, of which $10.0 million is expected to be paid within one year. The Brink's Group paid the Minerals Group $17.7 million for the utilization of such tax benefits during 1998.

MARKET RISK EXPOSURES

The Brink's Group has activities in a number of foreign countries located in Europe, Latin America and Asia, which expose it to a variety of market risks, including the effects of changes in foreign currency exchange rates and interest rates. These financial exposures are monitored and managed by the Brink's Group as an integral part of its overall risk management program. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency rate fluctuations may have in any one country on the translated results. The Brink's Group's risk management program considers this favorable diversification effect as it measures the Brink's Group's exposure to financial markets and as appropriate, seeks to reduce the potentially adverse effects that the volatility of certain markets may have on its operating results.

Brink's primarily enters into non-derivative hedging instruments, as discussed below, to hedge its foreign currency and interest rate exposures. The risk that counterparties to such instruments may be unable to perform is minimal. Management of Brink's does not expect any losses due to such counterparty default.

The Brink's Group assesses interest rate and foreign currency risks by continually identifying and monitoring changes in interest rate and foreign currency exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Brink's Group maintains risk management control systems to monitor these risks attributable to both Brink's outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates and foreign currency rates on Brink's future cash flows. Brink's does not use derivative instruments for purposes other than hedging.

The sensitivity analyses discussed below for the market risk exposures were based on several assumptions. The disclosures with respect to foreign exchange and interest rate risks do not take into account forecasted foreign exchange and interest rate transactions. Actual results will be determined by a number of factors that are not under management's control and could vary significantly from those disclosed.

Interest Rate Risk

Brink's primarily uses variable-rate debt denominated in foreign currencies, including the Venezuela bolivar and French franc, to finance its foreign operations. These debt obligations expose Brink's to variability in interest expense due to changes in the general level of interest rates in these countries. Venezuela is considered a highly inflationary economy, and therefore, the effects of increases or decreases in that country's interest rates may be partially offset by corresponding decreases or increases in the currency exchange rates which will affect the US dollar value of the underlying debt.

Brink's also has fixed-rate debt denominated in foreign currencies, primarily French francs. The fixed rate debt is subject to fluctuations in its fair value as a result of changes in interest rates.

Based on the overall interest rate level of both US dollar and foreign currency denominated variable rate debt outstanding at December 31, 1998, a hypothetical 10% change (as a percentage of interest rates on outstanding debt) in Brink's effective interest rate from year-end 1998 levels would over a 12 month period change interest expense by approximately $2.1 million. The effect on the fair value of foreign currency denominated fixed rate debt for a hypothetical 10% uniform shift (as a percentage of market interest rates) in the yield curves for interest rates in various countries from year-end 1998 levels would be immaterial.

Foreign Currency Risk

The Brink's Group has certain exposures to the effects of foreign exchange rate fluctuations on reported results in US dollars of foreign operations. Due in part to the favorable diversification effects resulting from operations in various countries within Europe, Asia and Latin America, including Canada, Australia, the United Kingdom, France, Holland, Germany, Mexico, Brazil, Venezuela, and Colombia, the Brink's Group does not generally enter into foreign exchange hedges to mitigate these exposures.

The Brink's Group is exposed periodically to the foreign currency rate fluctuations that affect transactions not denominated in the functional currency of domestic and foreign operations. Such exposures during the period were immaterial to the results of the Brink's Group.

The Brink's Group holds net investments in a number of foreign subsidiaries which are translated at exchange rates at the balance sheet date. Resulting cumulative translation adjustments are recorded as a separate component of shareholders' equity and exposes the Brink's Group to adjustments resulting from foreign exchange rate volatility. The Brink's Group, at times, uses non-derivative financial instruments to hedge this exposure. Currency exposure related to the net assets of the Brink's subsidiary in France are managed, in part, through a foreign currency denominated debt agreement (seller financing) entered into as part of the acquisition by Brink's. Gains and losses in the net investment in subsidiaries are offset by losses and gains in the debt obligations. All other hedges of net investments in foreign subsidiaries were immaterial to the Brink's Group. The translation adjustments for hyperinflationary economies in which the Brink's Group operates (currently Mexico and Venezuela) are recorded as a component of net income and exposes the Brink's Group to adjustments resulting from foreign exchange rate volatility.

The effects of a hypothetical simultaneous 10% appreciation in the US dollar from year end 1998 levels against all other currencies of countries in which the Brink's Group operates were measured for their potential impact on 1) translation of earnings into US dollars based on 1998 results, 2) transactional exposures, and 3) translation of balance sheet net equity accounts. The hypothetical effects would be approximately $2.1 million unfavorable from the translation of earnings into US dollars, approximately $1.3 million favorable earnings effect from transactional exposures and approximately $12.9 million unfavorable for the translation of balance sheet equity accounts.

READINESS FOR YEAR 2000: SUMMARY

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. If not corrected, many date-sensitive applications could fail or create erroneous results by or in the year 2000. The Brink's Group understands the importance of having systems and equipment operational through the year 2000 and beyond and is committed to addressing these challenges while continuing to fulfill its business obligations to its customers and business partners. Both BHS and Brink's have established Year 2000 Project Teams intended to make their information technology assets, including embedded microprocessors ("IT assets"), non-IT assets, products, services and infrastructure Year 2000 compliant.

READINESS FOR YEAR 2000: STATE OF READINESS

BHS

The BHS Year 2000 Project Team has divided its Year 2000 readiness program into four phases: (i) assessment, (ii) remediation/replacement, (iii) testing and (iv) integration. As of December 31, 1998, BHS has completed the assessment and remediation/replacement phases. BHS is currently in both the testing and integration phases. BHS plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000. As of December 31, 1998, at least 90% of BHS' IT and non-IT assets systems had been tested and verified as Year 2000 ready.

Brink's

The Brink's Year 2000 Project Team has divided its Year 2000 readiness program into six phases: (i) inventory, (ii) assessment, (iii) renovation, (iv) validation/testing, (v) implementation and (vi) integration. Worldwide, Brink's is largely in the renovation, validation/testing and implementation phases of its Year 2000 readiness program.

Brink's North America

With respect to Brink's North America operations, all core IT systems have been identified, renovation has taken place and the Year 2000 project is currently in both the implementation and integration phase. The implementation phase of the core operational systems is expected to be completed by the second quarter of 1999. Non-IT systems, including armored vehicles, closed circuit televisions, videocassette recorders and certain currency processing equipment, are in the assessment phase and certain renovation/replacement has been done. The renovation and validation phases for non-IT systems are expected to continue through the second quarter of 1999. As of December 31, 1998, most of Brink's North America IT systems

have been tested and validated as Year 2000 ready. Brink's believes that all its IT and non-IT systems will be Year 2000 compliant or that there will be no material adverse effect on operations or financial results due to non-compliance.

Brink's International

All international affiliates have been provided with an implementation plan, prepared by the Global Year 2000 Project Team. In addition, there is senior management sponsorship in all international countries. The implementation plan requires semi-monthly reports as to the status of each category in each country. The categories include core systems, non-core systems, hardware, facilities, special equipment, voice/data systems, etc. Countries in Europe, Latin America and Asia/Pacific are in varying phases of the Year 2000 readiness program. In Europe, core systems have been identified, some are in the remediation and validation/testing phase, with others currently in the implementation and integration phase. In both Latin America and Asia/Pacific, most countries are currently in active renovation with several completing testing and implementation on core systems. Brink's plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000.

Brink's Group

As part of their Year 2000 projects, both BHS and Brink's North America have sent comprehensive questionnaires to significant suppliers, and others with which they do business, regarding their Year 2000 compliance and both are in the process of identifying significant problem areas with respect to these business partners. The Brink's Group is relying on such third parties' representations regarding their own readiness for Year 2000. This process will be ongoing and efforts with respect to specific problems identified will depend in part upon its assessment of the risk that any such problems may have a material adverse impact on its operations.

Further, the Brink's Group relies upon government agencies, utility companies, telecommunication service companies and other service providers outside of its control. As with most companies, the companies of the Brink's Group are vulnerable to significant suppliers', customers' and other third parties' inability to remedy their own Year 2000 issues. As the Brink's Group cannot control the conduct of its suppliers or other third parties, there can be no guarantee that Year 2000 problems originating with a supplier or other third party will not occur.

READINESS FOR YEAR 2000: COSTS TO ADDRESS

The Brink's Group anticipates incurring remediation and acceleration costs for its Year 2000 readiness program. Remediation includes identification, assessment, remediation and testing phases of its Year 2000 readiness program. Remediation costs include the costs of modifying existing software and hardware as well as purchases that replace existing hardware and software that is not Year 2000 ready. Most of these costs will be incurred by Brink's. Acceleration costs include costs to purchase and/or develop and implement certain information technology systems whose implementation have been accelerated as a result of the Year 2000 readiness issue. Again, most of these costs will be incurred by Brink's but were included in the normal budget cycle. Brink's does not separately track the internal costs incurred for Year 2000, but these costs are principally the related payroll for the information systems group and are also included in the normal budget cycle. Additional IT initiatives, unrelated to Year 2000, are continuing.

Total anticipated remediation and acceleration costs are detailed in the table below:

(In millions)	Capitalized	Expended	Total
Acceleration			
Total anticipated Year 2000 costs	$ 4.0	0.8	4.8
Incurred through December 31, 1998	1.5	0.3	1.8
Remainder	$ 2.5	0.5	3.0
Remediation			
Total anticipated Year 2000 costs	$10.0	3.6	13.6
Incurred through December 31, 1998	5.2	1.3	6.5
Remainder	$ 4.8	2.3	7.1
Total			
Total anticipated Year 2000 costs	$14.0	4.4	18.4
Incurred through December 31, 1998	6.7	1.6	8.3
Remainder	$ 7.3	2.8	10.1

READINESS FOR YEAR 2000: THE RISKS OF THE YEAR 2000 ISSUE

The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect results of operations, liquidity and financial condition of the Brink's Group.

BHS has begun an analysis of the operational problems and costs that would be reasonably likely to result from the failure by BHS and certain third parties to complete efforts necessary to achieve Year 2000 readiness on a timely basis. BHS believes its most reasonably likely worst case scenario is that its ability to receive alarm signals from some or all of its customers may be

disrupted due to temporary regional service outages sustained by third party electric utilities, local telephone companies, and/or long distance telephone service providers. Such outages could occur regionally, affecting clusters of customers, or could occur at BHS's principal monitoring facility, possibly affecting the ability to provide service to all customers. BHS currently believes that these problems will not be overwhelming and are not likely to have a material effect on the company's operations or financial results.

Brink's believes its most reasonably likely worst case scenario is that it will experience a number of minor system malfunctions and errors in the early days and weeks of the Year 2000 that were not detected during its renovation and testing efforts. Brink's currently believes that these problems will not be overwhelming and are not likely to have a material effect on the company's operations or financial results. Brink's may experience some additional personnel expenses related to Year 2000 failures, but such expenses are not expected to be material. As noted above, the Brink's Group is vulnerable to significant suppliers', customers' and other third parties inability to remedy their own Year 2000 issues. As the Brink's Group cannot control the conduct of its suppliers or other third parties, there can be no guarantee that Year 2000 problems originating with a supplier, customer or other third party will not occur. However, Brink's program of communication with major third parties with whom they do business is intended to minimize any potential risks related to third party failures.

READINESS FOR YEAR 2000: CONTINGENCY PLAN

BHS has begun to develop a contingency plan, which is expected to be completed in the first half of 1999, for dealing with the most reasonably likely worst case scenario. This contingency planning document will address the issue of what BHS's response would be should it sustain a service outage encountered by the third party electric utility, local telephone company, and/or primary long distance telephone service provider at its principal monitoring facility. This includes, among other things, the testing of redundant system connectivity routed through multiple switching stations of the local telephone company, and testing of backup electric generators at both BHS's principal and backup monitoring facilities.

A contingency planning document, which was developed with the assistance of an external facilitator, is being finalized for Brink's North American operations. Brink's provides a number of different services to its customers and each type of service line was reviewed during the contingency planning sessions. This contingency planning document addresses the issue of what Brink's response would be should a system/device fail, as well as what preparations and actions are required beforehand to ensure continuity of services if those identified systems failed. This includes, in some cases, reverting to paper processes to track and handle packages, additional staff if required and increased supervisory presence. Brink's may experience some additional personnel expenses related to any Year 2000 failures, but they are not expected to be material. This contingency planning document is being made available to Brink's International operations to use as a guidance in developing appropriate contingency plans at each of their locations and for the specific services they provide to their customers.

READINESS FOR YEAR 2000: FORWARD LOOKING INFORMATION

This discussion of the Brink's Group companies' readiness for Year 2000, including statements regarding anticipated completion dates for various phases of the Brink's Group's Year 2000 project, estimated costs for Year 2000 readiness, the determination of likely worst case scenarios, actions to be taken in the event of such worst case scenarios and the impact on the Brink's Group of any delays or problems in the implementation of Year 2000 initiatives by the Brink's Group and/or any public or private sector suppliers and service providers and customers involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially for those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Brink's Group, include, but are not limited to, government regulations and/or legislative initiatives, variations in costs or expenses relating to the implementation of Year 2000 initiatives, changes in the scope of improvements to Year 2000 initiatives and delays or problems in the implementation of Year 2000 initiatives by the Brink's Group and/or any public or private sector suppliers and service providers and customers.

EURO CONVERSION

As part of the European Economic and Monetary Union, a single currency (the "Euro") will replace the national currencies of most of the European countries in which the Brink's Group conducts business. The conversion rates between the Euro and the participating nations' currencies were fixed irrevocably as of January 1, 1999, with the participating national currencies being removed from circulation between January 1 and June 30, 2002 and replaced by Euro notes and coinage. The Brink's Group is able to receive Euro denominated payments and invoice in Euro as requested by vendors and suppliers as of January 1, 1999 in the affected countries. Full conversion of all affected country operations to Euro is expected to be completed by the time national currencies are removed from circulation. The effects of the conversion to the Euro on revenues, costs and various business strategies is not expected to be material.

CONTINGENT LIABILITIES

Under the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act"), the Company and its majority-owned subsidiaries at July 20, 1992, including certain companies of the Brink's Group are jointly and severally liable with certain companies of the Minerals Group and of the BAX Group for the costs of health care coverage provided for by that Act. For a description of the Health Benefit Act and certain of such costs, see Note 14 to the Company's consolidated

financial statements. At this time, the Company expects the Minerals Group to discharge its obligations under the Act.

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.6 million and $11.2 million and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgment. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Brink's Group's results of operations or financial position.

CAPITALIZATION

The Company has three classes of common stock: Brink's Stock, Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, BAX Group and Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Brink's Group consists of the Brink's and BHS operations of the Company. The BAX Group consists of the BAX Global Inc. ("BAX Global") operations of the Company. The Minerals Group consists of the Pittston Coal Company ("Pittston Coal") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company. The Company prepares separate financial statements for the Brink's, BAX and Minerals Groups, in addition to consolidated financial information of the Company.

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80.5 million (161,000 shares) of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), convertible into Minerals Stock. The Convertible Preferred Stock, which is attributable to the Minerals Group, pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board and bears a liquidation preference of $500 per share, plus an attributed amount equal to accrued and unpaid dividends thereon.

Under the share repurchase programs authorized by the Board of Directors of the Company (the "Board"), the Company purchased shares in the periods presented as follows:

	Years Ended December 31	
(Dollars in millions, shares in thousands)	1998	1997
Brink's Stock:		
Shares	150	166
Cost	$ 5.6	4.3
Convertible Preferred Stock:		
Shares	0.4	1.5
Cost	$ 0.1	0.6
Excess carrying amount (a)	$ 0.0	0.1

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years which is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1998, the Company had the remaining authority to repurchase an additional $24.2 million of the Convertible Preferred Stock. As of December 31, 1998, the Company had remaining authority to purchase over time 1.0 million shares of Pittston Brink's Common Stock. The aggregate purchase price limitation for all common stock was $24.7 million at December 31, 1998. The authority to repurchase shares remains in effect in 1999.

DIVIDENDS

The Board intends to declare and pay dividends, if any, on Brink's Stock based on the earnings, financial condition, cash flow and business requirements of the Brink's Group. Since the Company remains subject to Virginia law limitations on dividends, losses by the Minerals Group or the BAX Group could affect the Company's ability to pay dividends in respect of stock relating to the Brink's Group.

During 1998 and 1997, the Board declared and the Company paid dividends on Brink's Stock of $0.10 per share.

In 1998 and 1997, dividends paid on the Convertible Preferred Stock were $3.5 million and $3.6 million, respectively.

ACCOUNTING CHANGES

The Brink's Group adopted SFAS No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the Brink's Group implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. The adoption of this standard had no material impact on the Brink's Group.

The Brink's Group implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise." SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 16.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the Brink's Group has elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. The adoption of SFAS No. 133 did not have a material impact on the Brink's Group balance sheet or statement of operations.

PENDING ACCOUNTING CHANGES

In April 1998, the AICPA issued SOP No. 98-5, "Reporting on the Costs of Start-Up Activities." SOP No. 98-5, which provides guidance on the reporting of start-up costs and organization costs, requires that such costs be expensed as incurred. This SOP is effective for the Brink's Group for the year beginning January 1, 1999. Initial application of the SOP is required to be reported as a cumulative effect of a change in accounting principle as of the beginning of the year of adoption. Management does not expect that the implementation of the new statement will have a material effect on the Brink's Group's results of operations and/or financial position.

FORWARD LOOKING INFORMATION

Certain of the matters discussed herein, including statements regarding the ability to slow cost increases in the home security business, the readiness for Year 2000, the conversion to the Euro, the Minerals Group's ability to discharge its Health Benefit Act obligations, environmental clean-up estimates, and projected capital spending, involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Brink's Group and the Company, include, but are not limited to, overall economic and business conditions, the demand for the Brink's Group's services, pricing and other competitive factors in the industry, new government regulations and/or legislative initiatives, variations in costs or expenses, insufficient cash flow of the Minerals Group, changes in the scope of Year 2000 and/or Euro initiatives, and delays or problems in the implementation of Year 2000 and/or Euro initiatives by the Brink's Group and/or any public or private sector suppliers, service providers and customers.

Pittston Brink's Group

STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The Pittston Company (the "Company") is responsible for preparing the accompanying Pittston Brink's Group (the "Brink's Group") financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles. Management has also prepared the other information in the annual report and is responsible for its accuracy.

In meeting our responsibility for the integrity of the financial statements, we maintain a system of internal controls designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorization and that the accounting records provide a reliable basis for the preparation of the financial statements. Qualified personnel throughout the organization maintain and monitor these internal controls on an ongoing basis. In addition, the Company maintains an internal audit department that systematically reviews and reports on the adequacy and effectiveness of the controls, with management follow-up as appropriate.

Management has also established a formal Business Code of Ethics which is distributed throughout the Company. We acknowledge our responsibility to establish and preserve an environment in which all employees properly understand the fundamental importance of high ethical standards in the conduct of our business.

The accompanying financial statements have been audited by KPMG LLP, independent auditors. During the audit they review and make appropriate tests of accounting records and internal controls to the extent they consider necessary to express an opinion on the Brink's Group's financial statements.

The Company's Board of Directors pursues its oversight role with respect to the Brink's Group's financial statements through the Audit and Ethics Committee, which is composed solely of outside directors. The Committee meets periodically with the independent auditors, internal auditors and management to review the Company's control system and to ensure compliance with applicable laws and the Company's Business Code of Ethics.

We believe that the policies and procedures described above are appropriate and effective and do enable us to meet our responsibility for the integrity of the Brink's Group's financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying balance sheets of Pittston Brink's Group (as described in Note 1) as of December 31, 1998 and 1997, and the related statements of operations, shareholder's equity and cash flows for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of The Pittston Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements of Pittston Brink's Group present fairly, in all material respects, the financial position of Pittston Brink's Group as of December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

As more fully discussed in Note 1, the financial statements of Pittston Brink's Group should be read in connection with the audited consolidated financial statements of The Pittston Company and subsidiaries.

KPMG LLP

Richmond, Virginia

January 27, 1999

Pittston Brink's Group

BALANCE SHEETS

(In thousands)	December 31 1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 52,276	37,694
Short-term investments	1,767	2,227
Accounts receivable:		
Trade	229,976	164,527
Other	14,794	6,045
	244,770	170,572
Less estimated uncollectible amounts	14,222	9,660
	230,548	160,912
Receivable--Pittston Minerals Group (Note 2)	10,321	8,003
Inventories	9,466	3,469
Prepaid expenses and other current assets	19,011	16,672
Deferred income taxes (Note 8)	23,541	18,147
Total current assets	346,930	247,124
Property, plant and equipment, at cost (Note 5)	809,109	623,129
Less accumulated depreciation and amortization	318,382	276,457
	490,727	346,672
Intangibles, net of accumulated amortization (Note 6)	62,706	18,510
Deferred pension assets (Note 14)	28,818	31,713
Deferred income taxes (Note 8)	7,912	3,612
Other assets	39,911	44,699
Total assets	$ 977,004	692,330
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term borrowings (Note 9)	$ 19,800	9,073
Current maturities of long-term debt (Note 9)	32,062	7,576
Accounts payable	59,608	36,337
Accrued liabilities:		
Taxes	42,250	14,350
Workers' compensation and other claims	19,195	17,487
Payroll and vacation	53,730	38,388
Deferred monitoring revenues	14,641	15,351
Miscellaneous (Note 14)	65,266	39,786
	195,082	125,362
Total current liabilities	306,552	178,348
Long-term debt, less current maturities (Note 9)	93,345	38,682
Postretirement benefits other than pensions (Note 14)	4,354	4,097
Workers' compensation and other claims	11,229	11,277
Deferred income taxes (Note 8)	53,876	45,324
Payable--Pittston Minerals Group (Note 2)	2,943	391
Other liabilities	18,071	8,929
Minority interests	25,224	24,802
Commitments and contingent liabilities (Notes 9, 13 and 17)		
Shareholder's equity (Notes 3, 11 and 12)	461,410	380,480
Total liabilities and shareholder's equity	$ 977,004	692,330

See accompanying notes to financial statements.

Pittston Brink's Group

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1998	1997	1996
Operating revenues	$ 1,451,267	1,101,434	909,813
Costs and expenses:			
Operating expenses	1,103,874	815,005	687,175
Selling, general and administrative expenses	207,256	160,676	130,833
Total costs and expenses	1,311,130	975,681	818,008
Other operating income, net (Note 15)	2,137	1,811	2,433
Operating profit	142,274	127,564	94,238
Interest income (Note 2)	3,747	2,760	2,745
Interest expense (Note 2)	(22,114)	(11,478)	(1,810)
Other income (expense), net	1,621	(5,571)	(5,407)
Income before income taxes	125,528	113,275	89,766
Provision for income taxes (Note 8)	46,424	39,653	30,071
Net income	$ 79,104	73,622	59,695
Net income per common share (Note 10):			
Basic	$ 2.04	1.92	1.56
Diluted	2.02	1.90	1.54
Weighted average common shares outstanding (Note 10):			
Basic	38,713	38,273	38,200
Diluted	39,155	38,791	38,682

See accompanying notes to financial statements.

Pittston Brink's Group

STATEMENTS OF SHAREHOLDER'S EQUITY

(In thousands)	Years Ended December 31 1998	1997	1996
Balance, beginning of year	$380,480	313,378	258,805
Comprehensive income:			
Net income	79,104	73,622	59,695
Other comprehensive income, net of tax:			
Foreign currency translation adjustments, net of tax effect of $488, $322 and $263	(7,188)	(8,237)	(1,423)
Other, net of tax of ($64)	109	--	--
Comprehensive income	72,025	65,385	58,272
Brink's stock options exercised (Note 11)	6,230	6,292	1,940
Brink's shares released from employee benefits trust to emp1oyee benefits plan (Note 12)	7,531	6,369	5,633
Retirement of Brink's stock under share repurchase programs (Note 12)	(5,617)	(4,349)	(6,937)
Common dividends declared (Note 12)	(3,874)	(3,755)	(3,902)
Cost of Brink's stock proposal (Note 11	--	--	(1,238)
Tax benefit of Brink's stock options exercised (Note 8)	3,738	1,156	805
Balance at end of period	$461,410	380,480	313,378

See accompanying notes to financial statements.

Pittston Brink's Group

STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31 1998	1997	1996
Cash flows from operating activities:			
Net income	$79,104	73,622	59,695
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	82,610	61,331	54,566
Provision for deferred income taxes	2,091	990	62
Provision for pensions, noncurrent	3,683	1,398	1,149
Provision for uncollectible accounts receivable	8,265	6,094	4,416
Equity in (earnings) losses of unconsolidated affiliates, net of dividends received	(442)	1,996	(1,755)
Minority interest expense	1,360	5,432	3,902
Gain on sales of property, plant and equipment and other assets and investments	(2,393)	(712)	(1,567)
Other operating, net	5,511	4,596	3,304
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	(19,739)	(25,259)	(15,556)
Increase in inventories	(3,333)	(398)	(276)
Decrease (increase) in prepaid expenses	1,714	82	(1,300)
Increase in accounts payable and accrued liabilities	7,516	19,341	12,989
Increase in other assets	(2,712)	(2,398)	(4,742)
Increase (decrease) in other liabilities	1,047	3,025	(949)
Other, net	(4,535)	(2,100)	(155)
Net cash provided by operating activities	169,747	147,040	113,783
Cash flows from investing activities:			
Additions to property, plant and equipment	(156,591)	(116,270)	(95,754)
Proceeds from disposal of property, plant and equipment	4,662	1,007	2,798
Acquisitions, net of cash acquired, and related contingency payments	(5,686)	(55,349)	--
Other, net	(2,823)	5,455	843
Net cash used by investing activities	(160,438)	(165,157)	(92,113)
Cash flows from financing activities:			
Additions to debt	22,277	59,936	1,842
Reductions of debt	(19,877)	(15,542)	(9,375)
Payments from (to) Minerals Group	6,681	(2,977)	(6,082)
Repurchase of common stock	(6,346)	(4,349)	(6,936)
Proceeds from exercise of stock options and employee stock purchase plan	6,230	2,297	2,072
Dividends paid	(3,692)	(3,566)	(3,918)
Cost of stock proposal	--	--	(1,238)
Net cash provided (used) by financing activities	5,273	35,799	(23,635)
Net increase (decrease) in cash and cash equivalents	14,582	17,682	(1,965)
Cash and cash equivalents at beginning of period	37,694	20,012	21,977
Cash and cash equivalents at end of period	$52,276	37,694	20,012

See accompanying notes to financial statements.

Pittston Brink's Group
NOTES TO FINANCIAL STATEMENTS
(In thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

As used herein, the "Company" includes The Pittston Company except as otherwise indicated by the context. The Company is comprised of three separate groups - Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group. The financial statements of the Brink's Group include the balance sheets, the results of operations and cash flows of the Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of the Company, and a portion of the Company's corporate assets and liabilities and related transactions which are not specifically identified with operations of a particular segment. The Brink's Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate allocations reflected in these financial statements are determined based upon methods which management believes to provide a reasonable and equitable allocation of such items (Note 2).

The Company provides to holders of Pittston Brink's Group Common Stock ("Brink's Stock") separate financial statements, financial review, descriptions of business and other relevant information for the Brink's Group in addition to the consolidated financial information of the Company. Notwithstanding the attribution of assets and liabilities (including contingent liabilities) among the Minerals Group, the Brink's Group and the BAX Group for the purpose of preparing their respective financial statements, this attribution and the change in the capital structure of the Company as a result of the approval of the Brink's Stock Proposal did not affect legal title to such assets or responsibility for such liabilities for the Company or any of its subsidiaries. Holders of Brink's Stock are common shareholders of the Company, which continues to be responsible for all its liabilities. Financial impacts arising from one group that affect the Company's financial condition could therefore affect the results of operations and financial condition of each of the groups. Since financial developments within one group could affect other groups, all shareholders of the Company could be adversely affected by an event directly impacting only one group. Accordingly, the Company's consolidated financial statements must be read in connection with the Brink's Group's financial statements.

PRINCIPLES OF COMBINATION

The accompanying financial statements reflect the combined accounts of the businesses comprising the Brink's Group and their majority-owned subsidiaries. The Brink's Group's interests in 20% to 50% owned companies are carried on the equity method unless control exists, in which case, consolidation accounting is used. All material intercompany items and transactions have been eliminated in combination. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits and investments with original maturities of three months or less.

SHORT-TERM INVESTMENTS

Short-term investments are those with original maturities in excess of three months, but not exceeding one year, and are carried at cost which approximates market.

INVENTORIES

Inventories are stated at cost (determined under the first-in, first-out or average cost method) or market, whichever is lower.

PROPERTY, PLANT AND EQUIPMENT

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight-line method at varying rates depending upon estimated useful lives.

Subscriber installation costs for home security systems provided by BHS are capitalized and depreciated over the estimated life of the assets and are included in machinery and equipment. The security system that is installed remains the property of BHS and is capitalized at the cost to bring the revenue producing asset to its intended use. When an installation is identified for disconnection, the remaining net book value of the installation is fully reserved and charged to depreciation expense.

INTANGIBLES

The excess of cost over fair value of net assets of businesses acquired is amortized on a straight-line basis over the estimated periods benefited.

The Brink's Group evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of asset value or useful lives. The Brink's Group annually assesses the recoverability of the excess of cost over net assets acquired by determining whether the amortization of the asset balance over its remaining life can be recovered through projected undiscounted future operating cash flows. Evaluation of asset value as well as periods of amortization are performed on a disaggregated basis.

INCOME TAXES

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax

returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse.

See Note 2 for allocation of the Company's US federal income taxes to the Brink's Group.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Postretirement benefits other than pensions are accounted for in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

STOCK BASED COMPENSATION

The Brink's Group has implemented the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation" (Note 11). The Brink's Group continues to measure compensation expense for its stock-based compensation plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of foreign operations have been translated at rates of exchange at the balance sheet date and related revenues and expenses have been translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments have been included in shareholder's equity. Translation adjustments relating to operations in countries with highly inflationary economies are included in net income, along with all transaction gains and losses for the period.

A portion of the Brink's Group's financial results is derived from activities in a number of foreign countries in Europe, Asia and Latin America, each with a local currency other than the US dollar. Because the financial results of the Brink's Group are reported in US dollars, they are affected by changes in the value of various foreign currencies in relation to the US dollar. The diversity of foreign operations helps to mitigate a portion of the foreign currency risks associated with market fluctuations in any one country and the impact on translated results.

REVENUE RECOGNITION

Brink's--Revenues are recognized when services are performed.

BHS--Monitoring revenues are recognized when earned and amounts paid in advance are deferred and recognized as income over the applicable monitoring period, which is generally one year or less.

NET INCOME PER SHARE

Basic and diluted net income per share for the Brink's Group are computed by dividing net income by the basic weighted-average common shares outstanding and the diluted weighted average common shares outstanding, respectively. Diluted weighted average common shares outstanding includes additional shares assuming the exercise of stock options. However, when the exercise of stock options is antidilutive, they are excluded from the calculation. The shares of Brink's Stock held in The Pittston Company Employee Benefits Trust (the "Trust" - See Note 12) are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations.

USE OF ESTIMATES

In accordance with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

ACCOUNTING CHANGES

The Brink's Group adopted SFAS No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the Brink's Group implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. The adoption of this standard had no material impact on the Brink's Group.

The Brink's Group implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 16.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the Brink's Group has elected to adopt SFAS No. 133 as of October

1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. The adoption of SFAS No. 133 did not have a material impact on the Brink's Group balance sheet or statement of operations.

2. RELATED PARTY TRANSACTIONS

The following policies may be modified or rescinded by action of the Company's Board of Directors (the "Board"), or the Board may adopt additional policies, without approval of the shareholders of the Company, although the Board has no present intention to do so. The Company allocated certain corporate general and administrative expenses, net interest expense and related assets and liabilities in accordance with the policies described below. Corporate assets and liabilities are primarily deferred pension assets and liabilities, income taxes and accrued liabilities. See Note 12 for Board policies related to disposition of properties and assets.

FINANCIAL

As a matter of policy, the Company manages most financial activities of the Brink's Group, BAX Group and Minerals Group on a centralized, consolidated basis. Such financial activities include the investment of surplus cash; the issuance, repayment and repurchase of short-term and long-term debt; the issuance and repurchase of common stock and the payment of dividends. In preparing these financial statements, transactions primarily related to invested cash, short-term and long-term debt (including convertible debt), related net interest and other financial costs have been attributed to the Brink's Group based upon its cash flows for the periods presented after giving consideration to the debt and equity structure of the Company. The Company attributes long-term debt to the Brink's Group based upon the purpose for the debt in addition to the cash requirements of the Brink's Group. At December 31, 1998 and 1997 none of the long-term debt of the Company was attributed to the Brink's Group. The portion of the Company's interest expense, net of amounts capitalized, allocated to the Brink's Group for 1998, 1997 and 1996 was $0, $123 and $106, respectively. Management believes such method of allocation to provide a reasonable and equitable estimate of the costs attributable to the Brink's Group.

To the extent borrowings are deemed to occur between the Brink's Group, the BAX Group and the Minerals Group, intergroup accounts are established bearing interest at the rate in effect from time to time under the Company's unsecured credit lines or, if no such credit lines exist, at the prime rate charged by Chase Manhattan Bank from time to time. At December 31, 1998 and 1997, the Minerals Group owed the Brink's Group $20,321 and $27,004, respectively, as the result of such borrowings. Interest income for the Brink's Group associated with such borrowings was $811 and $481 for 1998 and 1997, respectively.

INCOME TAXES

The Brink's Group and its domestic subsidiaries are included in the consolidated US federal income tax return filed by the Company.

The Company's consolidated provision and actual cash payments for US federal income taxes are allocated between the Brink's Group, BAX Group and Minerals Group in accordance with the Company's tax allocation policy and reflected in the financial statements for each Group. In general, the consolidated tax provision and related tax payments or refunds are allocated among the Groups, for financial statement purposes, based principally upon the financial income, taxable income, credits and other amounts directly related to the respective Group. Tax benefits that cannot be used by the Group generating such attributes, but can be utilized on a consolidated basis, are allocated to the Group that generated such benefits and an intergroup account is established for the benefit of the Group generating the attributes. As a result, the allocated Group amounts of taxes payable or refundable are not necessarily comparable to those that would have resulted if the Groups had filed separate tax returns. In accordance with the policy, at December 31, 1998 and 1997, the Brink's Group owed the Minerals Group $12,943 and $19,391, respectively, for such tax benefits, of which $2,943 and $391, respectively, were not expected to be paid within one year from such dates. The Brink's Group paid the Minerals Group $17,667 in 1998 and $15,794 in 1997 for the utilization of such tax benefits.

SHARED SERVICES

A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Brink's Group based upon utilization and other methods and criteria which management believes to provide a reasonable and equitable estimate of the costs attributable to the Brink's Group. These allocations were $9,178, $6,871 and $7,457 in 1998, 1997 and 1996, respectively.

PENSION

The Brink's Group's pension cost related to its participation in the Company's noncontributory defined benefit pension plan is actuarially determined based on its respective employees and an allocable share of the pension plan assets and calculated in accordance with SFAS No. 87, "Employers' Accounting for Pensions". Pension plan assets have been allocated to the Brink's Group based on the percentage of its projected benefit obligation to the plan's total projected benefit obligation. Management believes such method of allocation to provide a reasonable and equitable estimate of the assets and costs attributable to the Brink's Group.

3. SHAREHOLDER'S EQUITY

The cumulative foreign currency translation adjustment deducted from shareholder's equity is $36,892, $29,704 and $21,467 at December 31, 1998, 1997 and 1996, respectively.

4. ACQUISITIONS

All acquisitions have been accounted for as purchases. Accordingly, the costs of the acquisitions were allocated to the assets acquired and liabilities assumed based on their respective fair values. The results of operations of the businesses acquired have been included in the accompanying financial statements of the Brink's Group from their respective dates of acquisition. The excess of the purchase price over fair value of the net assets acquired is included in goodwill. Some purchase agreements provide for contingent payments based on specified criteria. Any such future payments are generally capitalized as goodwill when paid. Unless otherwise indicated, goodwill is amortized on a straight-line basis over forty years.

In the first quarter of 1998, the Brink's Group purchased 62% (representing substantially all of the remaining shares) of its Brink's affiliate in France ("Brink's S.A.") for payments aggregating US $39,000, including interest, over three years. In addition, estimated liabilities assumed approximated US $125,700 (See Note 9). The fair value of assets acquired approximated US $127,000 (including US $9,200 in cash). The acquisition was funded primarily through a note to the seller (See Note 9). Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition resulted in goodwill of approximately US $35,000. Brink's S.A. had annual revenues of approximately US $220,000 in 1997. If this acquisition had occurred on January 1, 1997, the pro forma impact on the Brink's Group's net income or net income per share would not have been material.

In addition, during 1998, the Brink's Group acquired additional interests in its Brink's subsidiaries in Bolivia and Colombia and purchased the remaining 50% interest in its Brink's affiliate in Germany. A 10% interest in the Hong Kong subsidiary was sold for an amount approximating book value. If these acquisitions and disposition had occurred on either January 1, 1997 or 1998, the pro forma impact on the Brink's Group revenues, net income or net income per share in 1997 and 1998 would not have been material.

In the first quarter of 1997, the Brink's Group increased its ownership position in its Venezuelan affiliate, Custodia y Traslado de Valores, C.A. ("Custravalca"), from 15% to 61%. The acquisition was financed through a syndicate of local Venezuelan banks (See Note 9). In conjunction with this transaction, Brink's acquired an additional 31% interest in Brink's Peru S.A. bringing its interest to 36%. If these acquisitions had occurred on January 1, 1996, the pro forma impact on the Brink's Group revenues, net income or net income per share in 1996 would not have been material.

In addition, throughout 1997, the Brink's Group acquired additional interests in several subsidiaries and affiliates. Remaining interests were acquired in the Netherlands, Hong Kong and Taiwan while ownership positions were increased in Bolivia and Chile. If these acquisitions had occurred on January 1, 1996 or 1997, the pro forma impact on the Brink's Group revenues, net income or net income per share in 1996 and 1997 would not have been material.

There were no material acquisitions in 1996.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consists of the following:

	As of December 31 1998	1997
Land	$ 16,643	11,928
Buildings	147,651	103,482
Machinery and equipment	644,815	507,719
Total	$ 809,109	623,129

The estimated useful lives for property, plant and equipment are as follows:

	Years
Buildings	10 to 40
Machinery and equipment	2 to 20

Depreciation of property, plant and equipment aggregated $80,654 in 1998, $60,119 in 1997 and $53,285 in 1996.

Changes in capitalized subscriber installation costs for home security systems included in machinery and equipment were as follows:

	Years Ended December 31 1998	1997	1996
Capitalized subscriber installation costs --beginning of year	$ 172,792	134,850	105,336
Capitalized cost of security system installations	77,460	64,993	57,194
Depreciation, including amounts recognized to fully depreciate capitalized costs for installations disconnected during the year	(32,657)	(27,051)	(27,680)
Capitalized subscriber installation costs--end of year	$ 217,595	172,792	134,850

Based on demonstrated retention of customers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscribers' installation costs. This change more accurately matches depreciation expense with monthly recurring revenue generated from customers. This change in accounting estimate reduced depreciation expense for capitalized installation costs in 1997 for the Brink's Group and the BHS segment by $8,915. The effect of this change increased net income of the Brink's Group in 1997 by $5,794 ($0.15 per share).

New subscribers were approximately 113,500 in 1998, 105,600 in 1997 and 98,500 in 1996.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security system installations. This change in accounting principle, is preferable because it more accurately reflects subscriber installation costs. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel (in the amount of $2,949 in 1998, $2,600 in 1997 and $2,517 in 1996) and costs incurred for maintaining facilities and vehicles dedicated to the installation process (in the amount of $3,165 in 1998, $2,343 in 1997 and $2,022 in 1996). The effect of this change in accounting principle was to increase operating profit of the Brink's Group in 1998, 1997 and 1996 by $6,114, $4,943 and $4,539, respectively, and net income of the Brink's Group in 1998, 1997 and 1996 by $3,852, $3,213 and $2,723, respectively, or by $0.10 per basic and diluted common share in 1998, $0.08 per basic and diluted common share in 1997 and $0.07 per basic and diluted common share in 1996. Prior to January 1, 1992, the records needed to identify such costs were not available. Thus it was impossible to accurately calculate the effect on retained earnings as of January 1, 1992. However, the Brink's Group believes the effect on retained earnings as of January 1, 1992, was immaterial.

Because capitalized subscriber installation costs for prior periods were not adjusted for the change in accounting principle, installation costs for subscribers in those years will continue to be depreciated based on the lesser amounts capitalized in prior periods. Consequently, depreciation of capitalized subscriber installation costs in the current year and until such capitalized costs prior to January 1, 1992 are fully depreciated will be less than if such prior periods' capitalized costs had been adjusted for the change in accounting. However, the Brink's Group believes the effect on net income in 1998, 1997 and 1996 was immaterial.

6. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $10,891 and $9,101 at December 31, 1998 and 1997, respectively. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $1,598 in 1998, $982 in 1997 and $967 in 1996.

In the first quarter of 1998, the Brink's Group purchased 62% (representing nearly all the remaining shares) of its Brink's affiliate in France ("Brink's S.A.") for payments aggregating US $39,000 over three years and the assumption of estimated liabilities of US $125,700. Based on an estimate of assets acquired and liabilities assumed, the acquisition of the remaining 62% interest resulted in goodwill of approximately $35,000. See Note 4.

In 1997, the Brink's Group acquired the remaining 35% interest in Brink's subsidiary in the Netherlands ("Nedlloyd") for approximately $2,000 with additional contingent payments aggregating $1,100 based on certain performance criteria of Brink's-Nedlloyd, of which approximately $800 was paid in 1998 with the remainder to be paid in 1999. The original 65% acquisition in the Nedlloyd partnership resulted in goodwill of approximately $13,200. The acquisition of the remaining 35% interest resulted in a credit to goodwill of approximately $6,600 as the remaining interest was purchased for less than the book value.

7. FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Brink's Group to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments and trade receivables. The Brink's Group places its cash and cash equivalents and short-term investments with high credit quality financial institutions. Also, by policy, the amount of credit exposure to any one financial institution is limited. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Brink's Group's customer base, and their dispersion across many different geographic areas.

The following details the fair values of financial instruments for which it is practicable to estimate the value:

CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS
The carrying amounts approximate fair value because of the short maturity of these instruments.

ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
The carrying amounts approximate fair value because of the short maturity of these instruments.

DEBT
The aggregate fair value of the Brink's Group's long-term debt obligations, which is based upon quoted market prices and rates currently available to the Brink's Group for debt with similar terms and maturities, approximates the carrying amount.

HEDGING ACTIVITIES
Brink's utilizes financial instruments, from time to time, to hedge its foreign currency and other market exposures such as net investments in foreign operations. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions.

Hedges of Net Investments in Foreign Operations
The Brink's Group has net investments in a number of foreign subsidiaries, which are exposed to foreign exchange rate volatility. The Brink's Group uses non-derivative financial instruments to hedge this exposure.

Currency exposure related to the net assets of the Brink's subsidiary in France are managed in part through a foreign currency denominated debt agreement (seller financing) entered into as part of the acquisition by Brink's. Gains and losses in the net investment in subsidiaries are offset by losses and gains in the debt obligations.

For the year ended December 31, 1998, approximately $2,800 of net losses related to the foreign currency denominated debt agreements were included in the cumulative foreign currency translation adjustment in the balance sheet of the Brink's Group.

8. INCOME TAXES

The provision (credit) for income taxes consists of the following:

	US Federal	Foreign	State	Total
1998:				
Current	$25,821	15,312	3,200	44,333
Deferred	3,834	(2,830)	1,087	2,091
Total	$29,655	12,482	4,287	46,424
1997:				
Current	$23,694	11,820	3,149	38,663
Deferred	1,013	(42)	19	990
Total	$24,707	11,778	3,168	39,653
1996:				
Current	$18,079	8,830	3,100	30,009
Deferred	1,634	(1,760)	188	62
Total	$19,713	7,070	3,288	30,071

The significant components of the deferred tax expense were as follows:

	Years Ended December 31 1998	1997	1996
Deferred tax expense (benefit), exclusive of the components listed below	$ 7,572	(2,073)	1,479
Net operating loss carryforwards	(3,431)	(405)	(1,851)
Alternative minimum tax credits	(2,050)	3,468	434
Total	$ 2,091	990	62

The tax benefit for compensation expense related to the exercise of certain employee stock options for tax purposes in excess of compensation expense for financial reporting purposes is recognized as an adjustment to shareholder's equity.

The components of the net deferred tax liability as of December 31, 1998 and December 31, 1997 were as follows:

	1998	1997
DEFERRED TAX ASSETS:		
Accounts receivable	$ 4,110	2,953
Postretirement benefits other than pensions	2,522	2,433
Workers' compensation and other claims	6,743	7,014
Other liabilities and reserves	23,749	16,935
Miscellaneous	2,696	3,026
Net operating loss carryforwards	9,042	5,611
Alternative minimum tax credits	11,792	8,176
Total deferred tax assets	60,654	46,148
DEFERRED TAX LIABILITIES:		
Property, plant and equipment	44,560	31,234
Pension assets	11,349	16,037
Other assets	1,525	2,792
Investments in foreign affiliates	6,882	9,331
Miscellaneous	18,761	10,319
Total deferred tax liabilities	83,077	69,713
Net deferred tax liability	$ 22,423	23,565

The recording of deferred federal tax assets is based upon their expected utilization in the Company's consolidated federal income tax return and the benefit that would accrue to the Brink's Group under the Company's tax allocation policy.

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory US federal income tax rate of 35% in 1998, 1997 and 1996 to the income before income taxes.

	Years Ended December 31		
	1998	1997	1996
Income before income taxes:			
United States	$ 91,597	83,179	63,569
Foreign	33,931	30,096	26,197
Total	$125,528	113,275	89,766
Tax provision computed at statutory rate	$ 43,935	39,646	31,418
Increases (reductions) in taxes due to:			
State income taxes (net of federal tax benefit)	2,787	2,059	2,137
Difference between total taxes on foreign income and the US federal statutory rate	(763)	(2,449)	(4,149)
Miscellaneous	465	397	665
Actual tax provision	$ 46,424	39,653	30,071

It is the policy of the Brink's Group to accrue deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries and affiliates which are expected to reverse in the foreseeable future. As of December 31, 1998 and December 31, 1997, the unrecognized deferred tax liability for temporary differences of approximately $49,274 and $17,780, respectively, related to investments in foreign subsidiaries and affiliates that are essentially permanent in nature and not expected to reverse in the foreseeable future was approximately $17,246 and $6,223, respectively.

The Brink's Group and its domestic subsidiaries are included in the Company's consolidated US federal income tax return.

As of December 31, 1998, the Brink's Group had $11,792 of alternative minimum tax credits allocated to it under the Company's tax allocation policy. Such credits are available to offset future US federal income taxes and, under current tax law, the carryforward period for such credits is unlimited.

The tax benefits of net operating loss carryforwards of the Brink's Group as of December 31, 1998 were $9,042 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

9. LONG-TERM DEBT

Total long-term debt of the Brink's Group consists of the following:

	As of December 31 1998	1997
Senior obligations:		
5% amortizing French franc seller's note maturing in 2001	$ 19,646	--
Venezuelan bolivar term loan due in 2000 (year-end rate 50.40% in 1998 and 26.40% in 1997)	18,723	31,072
French franc notes maturing in 2002 (year-end average rate 5.38% in 1998)	12,523	--
All other	13,217	3,799
	64,109	34,871
Obligations under capital leases (average rates 7.95% in 1998 and 8.60% in 1997)	29,236	3,811
Total long-term debt, less current maturities	93,345	38,682
Current maturities of long-term debt:		
Senior obligations	23,982	5,384
Obligations under capital leases	8,080	2,192
Total current maturities of long-term debt	32,062	7,576
Total long-term debt including current maturities	$125,407	46,258

For the four years through December 31, 2003, minimum repayments of long-term debt outstanding are as follows:

2000	$45,633
2001	25,082
2002	10,461
2003	3,109

The Company has a $350,000 credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates plus applicable margin. A term loan of $100,000 was outstanding at December 31, 1998 and 1997. Additional borrowings of $91,600 and $25,900 were outstanding at December 31, 1998 and 1997, respectively under the revolving credit portion of the Facility. The Company pays commitment fees (.125% per annum at December 31, 1998) on the unused portion of the Facility. No portion of the total amount outstanding under the Facility at December 31, 1998 or December 31, 1997 was attributed to the Brink's Group.

Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398,000 at December 31, 1998.

In 1998, Brink's purchased 62% (representing nearly all the remaining shares) of its Brink's affiliate in France. As part of the acquisition, Brink's assumed a note to the seller denominated in French francs of approximately the equivalent of US $27,500 payable in annual installments plus interest through 2001. In addition, Brink's assumed previously existing debt approximating US $49,000, which included borrowings of US $19,000 and capital leases of US $30,000. At December 31, 1998, the long-term portion of the note to the seller was the equivalent of US $19,646 and bore a fixed interest rate of 5.00%. The equivalent of US $ 9,823 is payable in 1999 and included in current maturities. At December 31, 1998, the long-term portion of borrowings and capital leases of Brink's affiliate in France were the equivalent of US $ 12,523 and US $23,709, respectively. The equivalent of US $4,349 and US $5,805, respectively, are payable in 1999 and included in current maturities. At December 31, 1998, the average interest rates for the borrowings and capital leases were 5.38% and 4.90%, respectively.

In 1997, Brink's entered into a borrowing arrangement with a syndicate of local Venezuelan banks in connection with the acquisition of Custravalca. The borrowings consisted of a long-term loan denominated in Venezuelan bolivars equivalent to US $40,000 and a $10,000 short-term loan denominated in US dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. At December 31, 1998, the long-term portion of the Venezuelan debt was the equivalent of US $18,723. The equivalent of US $8,470 is payable in 1999 and is included in current maturities of long-term debt.

Various international operations maintain lines of credit and overdraft facilities aggregating approximately $23,000 with a number of banks on either a secured or unsecured basis. At December 31, 1998, $19,800 was outstanding under such agreements and was included in short-term borrowings. Average interest rates on these lines of credit and overdraft facilities at December 31, 1998 approximated 17.6%. Commitment fees paid on the lines of credit and overdraft facilities are not significant.

At December 31, 1998, the Company's portion of outstanding unsecured letters of credit allocated to the Brink's Group was $44,634 primarily supporting the Brink's Group's obligations under its various self-insurance programs.

10. NET INCOME PER SHARE

The following is a reconciliation between the calculation of basic and diluted net income per share:

	Years Ended December 31 1998	1997	1996
Numerator:			
Net income-Basic and diluted net income per share numerator	$79,104	73,622	59,695
Denominator:			
Basic weighted average common shares outstanding	38,713	38,273	38,200
Effect of dilutive securities:			
Stock options	442	518	482
Diluted weighted average common shares outstanding	39,155	38,791	38,682

Options to purchase 356, 19 and 23 shares of Brink's Stock, at prices between $37.06 and $39.56 per share, $37.06 and $38.16 per share, and $28.63 and $29.50 per share, were outstanding during 1998, 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

11. STOCK OPTIONS

The Company has various stock-based compensation plans as described below.

STOCK OPTION PLANS

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest 100% at the end of the third year. The Non-Employee Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest ratably over the first three years. The total number of Brink's shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 2,228. Under the Non-Employee Plan, the total number of shares underlying options authorized for grant, but not yet granted is 144.

The Company's 1979 Stock Option Plan (the "1979 Plan") and the 1985 Stock Option Plan (the "1985 Plan") terminated in 1985 and 1988, respectively.

As part of the Brink's Stock Proposal (described in the Company's Proxy Statement dated December 31, 1995 resulting in the modification of the capital structure of the Company to include an additional class of common stock), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or BAX Stock in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such plans, the Company converted these options into options for shares of Brink's Stock or BAX Stock, or both, depending on the employment status and responsibilities of the particular optionee. In the case of optionees having Company-wide responsibilities, each outstanding Services Stock option was converted into options for both Brink's Stock and BAX Stock. In the case of other optionees, each outstanding option was converted into a new option only for Brink's Stock or BAX Stock, as the case may be. As a result, upon approval of the Brink's Stock Proposal, 1,750 shares of Brink's Stock and 1,989 shares of BAX Stock were subject to options.

The table below summarizes the related plan activity.

	Shares	Aggregate Exercise Price
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal1	1,750	26,865
Granted	369	9,527
Exercised	(166)	(1,800)
Forfeited or expired	(37)	(734)
Outstanding at December 31, 1996	1,916	$33,858
Granted	428	13,618
Exercised	(190)	(2,296)
Forfeited or expired	(104)	(2,497)
Outstanding at December 31, 1997	2,050	$42,683
Granted	365	13,748
Exercised	(439)	(6,230)
Forfeited or expired	(35)	(985)
Outstanding at December 31, 1998	1,941	$49,216

Options exercisable at the end of 1998, 1997 and 1996, respectively, for Brink's Stock, on an equivalent basis, were 922, 905 and 1,099.

The following table summarizes information about stock options outstanding as of December 31, 1998.

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price

$ 9.82 to 13.79	189	1.66	$ 10.68	189	$10.68
16.77 to 21.34	711	2.06	19.38	711	19.38
25.57 to 31.94	686	4.06	28.94	19	29.74
37.06 to 39.56	355	5.68	38.22	3	39.56
Total	1,941			922	

EMPLOYEE STOCK PURCHASE PLAN

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 750 shares of Brink's Stock to its employees who have six months of service and who complete minimum annual work requirements. Under the terms

of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 41, 43 and 45 shares of Brink's Stock to employees during 1998, 1997 and 1996, respectively. The share amounts for Brink's Stock include the restatement for the Services Stock conversion under the Brink's Stock Proposal.

ACCOUNTING FOR PLANS

The Company has adopted the disclosure - only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", but applies APB Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the accompanying financial statements. Had compensation costs for the Company's plans been determined based on the fair value of awards at the grant dates, consistent with SFAS No. 123, the Brink's Group's net income and net income per share would approximate the pro forma amounts indicated below:

	1998	1997	1996
NET INCOME ATTRIBUTED TO common shares			
Brink's Group			
As Reported	$79,104	73,622	59,695
Pro Forma	76,251	71,240	58,389
NET INCOME PER COMMON SHARE			
Brink's Group			
Basic, As Reported	2.04	1.92	1.56
Basic, Pro Forma	1.97	1.86	1.53
Diluted, As Reported	2.02	1.90	1.54
Diluted, Pro Forma	1.95	1.84	1.51

Note: The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

The fair value of each stock option grant used to compute pro forma net income and earnings per share disclosures is estimated at the time of the grant using the Black-Scholes option-pricing model. The weighted-average assumptions used in the model are as follows:

	1998	1997	1996
Expected dividend yield	0.3%	0.3%	0.4%
Expected volatility	31%	32%	30%
Risk-Free interest rate	5.3%	6.2%	6.3%
Expected term (in years)	5.1	4.9	4.7

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1998, 1997 and 1996 is $4,593, $5,155 and $3,341, respectively.

Under SFAS 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1998, 1997 and 1996 was $166, $366 and $224, respectively, for the Brink's Group.

12. CAPITAL STOCK

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes.

The Company, at any time, has the right to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the BAX Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock.

The Company, at any time has the right, to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Minerals Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. If any shares of the Company's Preferred Stock are converted after an exchange of Minerals Stock for Brink's Stock (or BAX Stock), the holder of such Preferred Stock would, upon conversion, receive shares of Brink's Stock (or BAX Stock) in lieu of shares of Minerals Stock otherwise issuable upon such conversion.

Shares of Brink's Stock are not subject to either optional or mandatory exchange. The net proceeds of any disposition of properties and assets of the Brink's Group will be attributed to the Brink's Group. In the case of a disposition of all or substantially all the properties and assets of any other group, the net proceeds will be attributed to the group the shares of which have been issued in exchange for shares of the selling group.

Holders of Brink's Stock at all times have one vote per share. Holders of BAX Stock and Minerals Stock have .739 and .244 vote per share, respectively, subject to adjustment on January 1, 2000, and on January 1 every two years thereafter in such a manner that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of BAX Stock and Minerals Stock may have more than, less than or continue to have the number of votes per share as they have. Holders of Brink's Stock, BAX Stock and Minerals Stock vote together as a single voting group on all matters as to which all common shareholders are entitled to vote. In addition, as prescribed by Virginia law, certain amendments to the Articles of Incorporation affecting, among other things, the designation, rights, preferences or limitations of one class of common stock, or certain mergers or statutory share exchanges, must be approved by the holders of such class of common stock, voting as a group, and, in certain circumstances, may also have to be approved by the holders of the other classes of common stock, voting as separate voting groups.

In the event of a dissolution, liquidation or winding up of the Company, the holders of Brink's Stock, BAX Stock and Minerals Stock, effective January 1, 1999, share on a per share basis an aggregate amount equal to 54%, 28% and 18%, respectively, of the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage has been set, using a nominal number of shares of Minerals Stock of 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding, to ensure that the holders of Minerals Stock are entitled to the same share of any such funds immediately following the consummation of the transactions as they were prior thereto. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, BAX Stock and Minerals Stock, as the case may be, then outstanding to the total number of shares of all other classes of common stock then outstanding (which totals, in the case of Minerals Stock, shall include the Nominal Shares).

Dividends paid to holders of Brink's Stock are limited to funds of the Company legally available for the payment of dividends. See the Company's consolidated financial statements and related footnotes. Subject to these limitations, the Company's Board, although there is no requirement to do so, intends to declare and pay dividends on the Brink's Stock based primarily on the earnings, financial condition, cash flow and business requirements of the Brink's Group.

The Company has the authority to issue up to 2,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80,500 or 161 shares of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock, which is convertible into Minerals Stock and which has been attributed to the Minerals Group, pays an annual dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available therefore, when as and if, declared by the Board. Such stock also bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon.

In November 1998, under the Company's common share repurchase program, the Company's Board of Directors (the "Board") authorized the purchase, from time to time of up to 1,000 shares of Brink's Stock, not to exceed an aggregate purchase cost of $25,000 for all common stock of the Company. Such shares are to be purchased from time to time in the open market or in private transactions, as conditions warrant. In May 1997, the Board authorized additional authority which allows for the purchase, from time to time, of the Convertible Preferred Stock, not to exceed an aggregate purchase cost of $25,000.

Under the share repurchase program, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 1998	1997
Brink's Stock:		
Shares	150	166
Cost	$5,617	4,349
Convertible Preferred Stock:		
Shares	0.4	1.5
Cost	$ 146	617
Excess carrying amount (a)	$ 23	108

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1998, the Company had remaining authority to purchase over time 1,000 shares of Pittston Brink's Common Stock and an additional $24,236 of its Convertible Preferred Stock. The remaining aggregate purchase cost limitation for all common stock was $24,698 at December 31, 1998. The authority to acquire shares remains in effect in 1999.

In 1998, 1997, and 1996, dividends paid on the Convertible Preferred Stock amounted to $3,547, $3,589, and $3,795, respectively. During 1998 and 1997, the Board declared and the Company paid dividends of $3,874 and $3,755 on Brink's stock.

In December 1992, the Company formed the Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock (initially 4,000 shares) to fund obligations under certain employee benefits programs not including stock option plans. The trust first began funding obligations under the Company's various stock option plans in September 1995. As of December 31, 1998, 2,076 shares of Brink's Stock (2,734 in 1997) remained in the Trust, valued at market. These shares will be voted by the Trustee in the same proportion as those voted by the Company's employees participating in the Company's Savings Investment Plan. The fair market value of the shares is included in common stock and capital in excess of par.

13. LEASES

The Brink's Group's businesses lease facilities, vehicles, computers and other equipment under long-term operating and capital leases with varying terms. Most of the operating leases contain renewal and/or purchase options.

As of December 31, 1998, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Facilities	Equipment & Other	Total
1999	$ 22,655	12,193	34,848
2000	20,219	8,543	28,762
2001	16,947	6,547	23,494
2002	15,068	6,209	21,277
2003	12,648	4,131	16,779
2004	11,124	956	12,080
2005	10,508	835	11,343
2006	9,853	790	10,643
Later Years	33,362	1,769	35,131
Total	$152,384	41,973	194,357

These amounts are net of aggregate future minimum non-cancelable sublease rentals of $825.

Net rent expense amounted to $35,336 in 1998, $26,414 in 1997 and $25,499 in 1996.

The Brink's Group incurred capital lease obligations of $11,792 in 1998, $3,898 in 1997 and $1,923 in 1996. In addition, in connection with the 1998 acquisition of the Brink's affiliate in France (see Note 4), capital lease obligations of US $30,000 were assumed.

Minimum future lease payments under capital leases as of December 31, 1998, for each of the next five years and in the aggregate are:

1999	$10,726
2000	8,669
2001	6,187
2002	3,910
2003	3,009
Subsequent to 2003	8,987
Total minimum lease payments	41,488
Less: Executory costs	
Net minimum lease payments	41,488
Less: Amount representing interest	4,172
Present value of net minimum lease payment	$37,316

Interest rates on capitalized leases vary from 7.4% to 23.5% and are imputed based on the lower of the Brink's Group's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

There were no non-cancellable subleases and no contingent rental payments in 1998 or 1997.

14. EMPLOYEE BENEFIT PLANS

The Brink's Group's businesses participate in the Company's noncontributory defined benefit pension plan covering substantially all nonunion employees who meet certain minimum requirements in addition to sponsoring certain other defined benefit plans. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The Brink's Group's pension cost relating to its participation in the Company's defined benefit pension plan is actuarially determined based on its respective employees and an allocable share of the pension plan assets. The Company's policy is to fund the actuarially determined amounts necessary to provide assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations. The net pension expense for 1998, 1997 and 1996 for all plans is as follows:

	Years Ended December 31 1997	1996	1995
Service cost-benefits earned during year	$10,215	7,547	7,125
Interest cost on projected benefit obligation	12,673	10,985	9,788
Return on assets-expected	(17,512)	(16,004)	(14,842)
Other amortization, net	243	(398)	(243)
Net pension expense	$ 5,619	2,130	1,828

The assumptions used in determining the net pension expense for the Company's primary pension plan were as follows:

	Years Ended December 31		
	1998	1997	1996
Interest cost on projected benefit obligation	7.5%	8.0%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Rate of increase in compensation levels	4.0%	4.0%	4.0%

Reconciliations of the projected benefit obligation, plan assets, funded status and prepaid pension expense at December 31, 1998 and 1997 are as follows:

	Years Ended December 31	
	1998	1997
Projected benefit obligation at beginning of year	$ 167,043	142,916
Service cost-benefits earned during the year	10,215	7,547
Interest cost on projected benefit obligation	12,673	10,985
Plan participants' contribution	574	547
Acquisitions	6,286	--
Benefits paid	(6,910)	(6,036)
Actuarial loss	25,131	15,090
Foreign currency exchange rate changes	574	(4,006)
Projected benefit obligation at end of year	$ 215,586	167,043
Fair value of plan assets at beginning of year	$ 197,518	177,837
Return on assets - actual	25,205	29,500
Plan participants' contributions	574	547
Employer contributions	1,309	985
Benefits paid	(6,910)	(6,036)
Foreign currency exchange rate changes	(475)	(5,315)
Fair value of plan assets at end of year	$ 217,221	197,518
Funded status	$ 1,635	30,475
Unamortized initial net asset	(819)	(1,428)
Unrecognized experience loss	17,467	468
Unrecognized prior service cost	618	805
Net pension assets	$ 18,901	30,320
Current pension liabilities	3,289	1,393
Noncurrent pension liabilities	6,628	--
Deferred pension assets per the balance sheet	$ 28,818	31,713

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 7.0% in 1998 and 7.5% in 1997. The expected long-term rate of return on assets was 10% in both years. The rate of increase in compensation levels used was 4% in 1998 and 1997.

The unrecognized initial net asset at January 1, 1986 (January 1, 1989, for certain foreign pension plans), the date of adoption of SFAS No. 87, has been amortized over the estimated remaining average service life of the employees.

The Brink's Group also provides certain postretirement health care and life insurance benefits for eligible active and retired employees in the United States and Canada.

For the years 1998, 1997 and 1996, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31		
	1998	1997	1996
Service cost--benefits earned during the year	$102	95	92
Interest cost on accumulated postretirement benefit obligation	250	238	248
Amortization of gains	--	(4)	--
Total expense	$ 352	329	340

The actuarially determined and recorded liabilities for these postretirement benefits have not been funded. Reconciliations of the accumulated postretirement benefit obligation, funded status and accrued postretirement benefit cost at December 31, 1998 and 1997 are as follows:

	Years Ended December 31 1998	1997
Accumulated postretirement benefit obligation at beginning of year	$ 3,403	3,512
Service cost-benefits earned during the year	102	95
Interest cost on accumulated postretirement benefit obligation	250	238
Benefits paid	(14)	(38)
Actuarial (gain) or loss	195	(394)
Foreign currency exchange rate changes	(61)	(10)
Total accumulated postretirement benefit obligation at end of year	$ 3,875	3,403
Accumulated postretirement benefit obligation at end of year-retirees	$ 1,555	1,291
Accumulated postretirement benefit obligation at end of year-active participants	2,320	2,112
Total accumulated postretirement benefits obligation at end of year	$ 3,875	3,403
Funded status	$(3,875)	(3,403)
Unrecognized experience gain	(758)	(953)
Accrued postretirement benefit cost at end of year	$(4,633)	(4,356)

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.0% in 1998 and 7.5% in 1997. The

postretirement benefit obligation for US salaried employees does not provide for changes in health care costs since the employer's contribution to the plan is a fixed amount. The assumed health care cost trend rate used in 1998 for employees under a foreign plan was 6.62% grading down to 5% in the year 2001.

The Brink's Group also participates in the Company's Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 75% to 125% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $4,397 in 1998, $4,130 in 1997 and $3,612 in 1996.

15. OTHER OPERATING INCOME

Other operating income generally includes the Brink's Group's share of net income of unconsolidated affiliated companies carried on the equity method of $1,235, $1,471 and $1,941 for 1998, 1997 and 1996, respectively.

Summarized financial information presented includes the accounts of the following equity affiliates (a):

	Ownership At December 31, 1998
Servicio Pan Americano De Protection, S.A. (Mexico)	20%
Brink's Panama, S.A.	49%
Brink's Peru, S.A.	36%
Security Services (Brink's Jordan), W.L.L.	45%
Brink's-Allied Limited (Ireland)	50%
Brink's Arya India Private Limited	40%
Brink's Pakistan (Pvt.) Limited	49%
Brink's (Thailand) Ltd.	40%

	1998	1997	1996
Revenues	$ 334,872	564,560	660,916
Gross profit	53,953	92,635	73,632
Net income (loss)	139	6,914	10,427
Current assets	49,564	111,912	171,336
Noncurrent assets	101,088	188,358	197,642
Current liabilities	54,541	132,758	168,986
Noncurrent liabilities	38,121	79,208	109,972
Net equity	57,990	88,304	90,020

(a) Also includes amounts related to equity affiliates who were either sold prior to December 31, 1998, became consolidated affiliates through increased ownership prior to December 31, 1998 (most notably Brink's S.A. France and Brink's Schenker Germany) or converted to a cost investment. All amounts for such affiliates are presented pro-rata, where applicable.

Undistributed earnings of such companies approximated $14,000 at December 31, 1998.

16. SEGMENT INFORMATION

The Brink's Group implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods.

The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information.

The Brink's Group includes two business units, Brink's, Inc. and Brink's Home Security. These two business units are made up of five reportable segments as follows: Brink's North America, Brink's Europe, Brink's Latin America, Brink's Asia/Pacific and Brink's Home Security. Management has determined these reportable segments based on how resources are allocated and how operational decisions are made. Brink's North America, Brink's Europe, Brink's Latin America and Brink's Asia/Pacific segments are geographic segments of Brink's providing armored transportation and related services. The BHS segment installs and monitors residential security systems in the United States and Canada. Geographic revenues and long-lived assets are attributed based on the location of the entity providing the service and the location of the asset, respectively. Segment performance is evaluated based on operating profit, excluding corporate allocations. See Note 2 for a description of such allocations.

Operating revenues by operating segment are as follows:

	Years Ended December 31 1998	1997	1996
Brink's:			
North America (United States and Canada)	$541,142	482,182	418,941
Europe (a)	370,178	146,464	128,848
Latin America (b)	310,064	266,445	182,481
Asia/Pacific	26,297	26,760	23,741
Total Brink's	1,247,681	921,851	754,011
BHS	203,586	179,583	155,802
Total operating revenues (c)	$ 1,451,267	1,101,434	909,813

(a) Revenues from operations in France were $200,821 in 1998. See Note 4.
(b)Revenues from operations in Brazil were $118,960, $121,005 and $123,237 in 1998, 1997 and 1996, respectively.
(c) Includes US revenues of $651,330, $562,748 and $482,316 in 1998, 1997 and 1996, respectively.

The Brink's Group's portion of the Company's operating profit is as follows:

	Years Ended December 31 1998	1997	1996
Brink's:			
North America (United States			

and Canada)	$ 49,046	40,612	34,387
Europe (a)	27,080	10,039	4,734
Latin America (b)	23,571	28,711	15,243
Asia/Pacific (c)	(1,277)	2,229	2,459
Total Brink's	98,420	81,591	56,823
BHS (d), (e)	53,032	52,844	44,872
Brink's Group segment operating profit	151,452	134,435	101,695
Allocated general corporate expense	(9,178)	(6,871)	(7,457)
Total operating profit	$ 142,274	127,564	94,238

(a) Includes equity in net income (loss) of unconsolidated affiliates of $405 in 1998, ($2,037) in 1997 and ($1,584) in 1996.
(b) Includes equity in net income of unconsolidated affiliates of $225 in 1998, $2,807 in 1997 and $2,965 in 1996.
(c) Includes equity in net income of unconsolidated affiliates of $605 in 1998, $701 in 1997 and $560 in 1996.
(d) As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase operating profit $6,114 in 1998, $4,943 in 1997 and $4,539 in 1996 (Note 5).
(e) BHS changed its annual depreciation rate in 1997 resulting in a reduction of depreciation expense for capitalized installation costs of $8,915 (Note 5).

The Brink's Group's portion of the Company's assets at year end is as follows:

	As of December 31		
	1998	1997	1996
North America (United States and Canada)	$ 193,497	180,135	157,957
Europe (a)	282,812	83,779	95,176
Latin America (b)	179,836	162,479	76,450
Asia/Pacific (c)	23,573	14,745	11,339
Total Brink's	679,718	441,138	340,922
BHS	230,357	193,027	149,992
Brink's Group's portion of the company's assets	910,075	634,165	490,914
Brink's Group's portion of corporate assets	30,919	27,786	35,409
Deferred tax reclass	36,010	30,379	25,342
Total assets (d)	$ 977,004	692,330	551,665

(a) Includes investments in unconsolidated equity affiliates of $662 in 1998, $11,831 in 1997 and $16,315 in 1996.
(b) Includes investments in unconsolidated equity affiliates of $12,310 in 1998, $13,891 in 1997 and $9,030 in 1996.
(c) Includes investments in unconsolidated equity affiliates of $2,022 in 1998, $1,519 in 1997 and $1,152 in 1996.
(d) Includes long-lived assets (property, plant and equipment) located in the US of $297,100, $240,923 and $197,022 in 1998, 1997 and 1996, respectively.

Other segment information is as follows:

	As of December 31		
	1998	1997	1996
Capital Expenditures:			
Brink's:			
North America	$ 25,870	15,360	13,758
Europe	16,412	8,540	6,738
Latin America	27,086	22,467	12,030
Asia/Pacific	5,348	2,765	1,546
Total Brink's	74,716	49,132	34,072
BHS	81,420	70,927	61,522
Allocated general corporate	204	214	2,083
Total capital expenditures	$156,340	120,273	97,677
Depreciation and Amortization:			
Brink's:			

North America	14,386	12,773	11,461
Europe	16,762	5,248	6,273
Latin America	13,432	11,854	6,049
Asia/Pacific	1,162	883	510
Total Brink's	$45,742	30,758	24,293
BHS	36,630	30,344	30,115
Allocated general corporate expense	238	229	158
Total depreciation and amortization	$82,610	61,331	54,566

17. CONTINGENT LIABILITIES

Under the Coal Industry Retiree Health Benefit Act of 1992 (the "Act"), the Company and its majority-owned subsidiaries at July 20, 1992, including certain companies of the Brink's Group included in these financial statements, are jointly and severally liable with certain companies of the BAX Group and of the Minerals Group for the costs of health care coverage provided for by that Act. For a description of the Act and an estimate of certain of such costs, see Note 14 to the Company's consolidated financial statements. At this time, the Company expects the Minerals Group to discharge its obligations under the Act.

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,600 and $11,200 and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District of New Jersey, seeking a declaratory judgement that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court

ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law, and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Brink's Group's results of operations or financial position.

18. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1998, 1997 and 1996, cash payments for income taxes, net of refunds received, were $39,194, $39,476 and $33,718, respectively.

For the years ended December 31, 1998, 1997 and 1996, cash payments for interest were $20,667, $11,402 and $1,825, respectively.

During 1998, the Brink's Group recorded the following noncash investing and financing activities in connection with the acquisition of substantially all of the remaining shares of its Brink's affiliate in France: seller financing of the equivalent of US $27,500 and the assumption of borrowings of approximately US $19,000 and capital leases of approximately US $30,000.

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1998 and 1997. The first three quarters of 1997 net income per share amounts have been restated to comply with SFAS No. 128, "Earnings Per Share."

	1st	2nd	3rd	4th
1998 QUARTERS:				
Operating revenues	$310,333	359,812	381,497	399,625
Gross profit	76,901	86,289	91,619	92,584
Net income	17,037	20,570	20,008	21,489
Net income per Brink's Group common share:				
Basic	$ .44	.53	.52	.55
Diluted	.44	.52	.51	.55
1997 QUARTERS:				
Operating revenues	$251,384	268,775	280,075	301,200
Gross profit	63,476	71,034	72,193	79,726
Net income	15,306	17,739	19,372	21,205
Net income per Brink's Group common share:				
Basic	$ .40	.46	.51	.55
Diluted	.40	.46	.50	.54

The Pittston Company and Subsidiaries

SELECTED FINANCIAL DATA

FIVE YEARS IN REVIEW

(In thousands, except per share amounts)	1998	1997	1996	1995	1994
SALES AND INCOME (a):					
Net sales and operating revenues	$ 3,746,882	3,394,398	3,091,195	2,914,441	2,667,275
Net income (b)	66,056	110,198	104,154	97,972	26,897
FINANCIAL POSITION (a):					
Net property, plant and equipment	$ 849,883	647,642	540,851	486,168	445,834
Total assets	2,331,137	1,995,944	1,832,603	1,807,372	1,737,778
Long-term debt, less current maturities	323,308	191,812	158,837	133,283	138,071
Shareholders' equity	736,028	685,618	606,707	521,979	447,815
AVERAGE COMMON SHARES OUTSTANDING (c), (d):					
Pittston Brink's Group basic	38,713	38,273	38,200	37,931	37,784
Pittston Brink's Group diluted	39,155	38,791	38,682	38,367	38,192
Pittston BAX Group basic	19,333	19,448	19,223	18,966	18,892
Pittston BAX Group diluted	19,333	19,993	19,681	19,596	19,436
Pittston Minerals Group basic	8,324	8,076	7,897	7,786	7,594
Pittston Minerals Group diluted	8,324	8,102	9,884	10,001	7,594
COMMON SHARES OUTSTANDING (c):					
Pittston Brink's Group	40,961	41,130	41,296	41,574	41,595
Pittston BAX Group	20,825	20,378	20,711	20,787	20,798
Pittston Minerals Group	9,186	8,406	8,406	8,406	8,390
PER PITTSTON BRINK'S GROUP COMMON SHARE (c), (d):					
Basic net income (b)	$ 2.04	1.92	1.56	1.35	1.10
Diluted net income (b)	2.02	1.90	1.54	1.33	1.09
Cash dividends	.10	.10	.10	.09	.09
Book value (f)	11.87	9.91	8.21	6.81	5.70
PER PITTSTON BAX GROUP COMMON SHARE (c), (d):					
Basic net income (loss)	(0.68)	1.66	1.76	1.73	2.03
Diluted net income (loss)	(0.68)	1.62	1.72	1.68	1.97
Cash dividends	.24	.24	.24	.22	.22
Book value (f)	15.83	16.59	15.70	14.30	12.74
PER PITTSTON MINERALS GROUP COMMON SHARE (c), (d):					
Basic net income (loss) (e)	$ (0.42)	0.09	1.14	1.45	(7.50)
Diluted net income (loss) (e)	(0.42)	0.09	1.08	1.40	(7.50)
Cash dividends (g)	.24	.65	.65	.65	.65
Book value (f)	(9.50)	(8.94)	(8.38)	(9.46)	(10.74)

(a) See Management's Discussion and Analysis for a discussion of Brink's acquisitions, BAX Global's additional expenses and special consulting costs and Pittston Coal's disposition of assets.
(b) As of January 1, 1992, Brink's Home Security, Inc. ("BHS") elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase income before cumulative effect of accounting changes and net income of the Company and the Brink's Group by $3,852 or $0.10 per basic and diluted share of Brink's Stock in 1998, $3,213 in 1997, $2,723 in 1996, $2,720 in 1995 and $2,486 in 1994. The net income per basic and diluted share impact for 1994 through 1996 was $0.07 and for 1997 was $0.08.
(c) All share and per share data presented reflects the completion of the Brink's Stock Proposal which occurred on January 18, 1996. Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust. For the Pittston Brink's Group (the "Brink's Group"), such shares totaled 2,076 shares, 2,734 shares, 3,141 shares, 3,553 shares and 3,779 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. For the Pittston BAX Group (the "BAX Group"), such shares totaled 1,858 shares, 868 shares, 1,280 shares, 1,777 shares and 1,890 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. For the Pittston Minerals Group (the "Minerals Group"), such shares totaled 766 shares, 232 shares, 424 shares, 594 shares and 723 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. Average shares outstanding do not include these shares. The initial dividends on Brink's Stock and BAX Stock were paid on March 1, 1996. Dividends paid by the Company on Services Stock have been attributed to the Brink's Group and the BAX Group in relation to the initial dividends paid on the Brink's and BAX Stocks.
(d) The net income per share amounts prior to 1997 have been restated, as required, to comply with Statement of Financial Accounting Standards No. 128, "Earnings Per Share." For further discussion of net income per share, see Note 8 to the Financial Statements.
(e) For the year ended December 31, 1994, diluted net income per share is considered to be the same as basic since the effect of stock options and the assumed conversion of preferred stock was antidilutive.
(f) Calculated based on shareholder's equity, excluding amounts attributable to preferred stock, and on the number of shares outstanding at the end of the period excluding shares outstanding under the Company's Employee Benefits Trust.
(g)Cash dividends per share reflect a per share dividend of $.1625 declared in

the first quarter of 1998 (based on an annual rate of $.65 per share) and three per share dividends of $.025 declared in each of the following 1998 quarters (based on an annual rate of $.10 per share).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Years Ended December 31 (In thousands)	1998	1997	1996
Net sales and operating revenues:			
Brink's	$1,247,681	921,851	754,011
BHS	203,586	179,583	155,802
BAX Global	1,776,980	1,662,338	1,484,869
Pittston Coal	503,302	612,907	677,393
Mineral Ventures	15,333	17,719	19,120
Net sales and operating revenues	$3,746,882	3,394,398	3,091,195
Operating profit (loss):			
Brink's	$ 98,420	81,591	56,823
BHS	53,032	52,844	44,872
BAX Global	(628)	63,264	64,604
Pittston Coal	3,207	12,217	20,034
Mineral Ventures	(1,031)	(2,070)	1,619
Segment operating profit	153,000	207,846	187,952
General corporate expense	(27,857)	(19,718)	(21,445)
Operating profit	$ 125,143	188,128	166,507

The Pittston Company (the "Company") reported net income of $66.1 million in 1998 compared with net income of $110.2 million in 1997. Revenues in 1998 increased $352.5 million (10%) compared to 1997. Operating profit totaled $125.1 million in 1998, a decrease of $63.0 million over the prior year. Operating profit in 1998 included approximately $36 million of additional expenses at BAX Global which related to the termination or rescoping of certain information technology projects, increased provisions on existing accounts receivable and other costs primarily related to severance expenses associated with BAX Global's redesign of its organizational structure. Net income in 1998 benefited from increased operating results at the Company's Brink's, Incorporated ("Brink's"), Brink's Home Security, Inc. ("BHS") and Pittston Mineral Ventures ("Mineral Ventures") businesses. These increases were more than offset by lower operating results at the Company's BAX Global Inc. ("BAX Global") and Pittston Coal Company ("Pittston Coal") businesses, and by higher corporate expenses.

Net income for the Company for 1997 was $110.2 million compared with $104.2 million for 1996. Revenues in 1997 increased $303.2 million (10%) compared to 1996. Operating profit totaled $188.1 million for 1997, compared with $166.5 million for 1996. Net income and operating profit for 1996 included three significant items which impacted Pittston Coal: a benefit from the settlement of the Evergreen case at an amount lower than previously accrued ($35.7 million or $23.2 million after-tax), a charge related to a new accounting standard regarding the impairment of long-lived assets ($29.9 million or $19.5 million after-tax) and the reversal of excess restructuring liabilities ($11.7 million or $7.6 million after-tax). Net income in 1997 benefited from increased operating profits at Brink's and BHS, partially offset by lower operating results at BAX Global, Pittston Coal and Mineral Ventures.

The following is a discussion of the operating results for Pittston's five segments: Brink's, BHS, BAX Global, Pittston Coal and Mineral Ventures.

BRINK'S

Brink's worldwide consolidated revenues totaled $1.2 billion in 1998 compared to $921.9 million in 1997, a 35% increase. Brink's 1998 operating profit of $98.4 million represented a 21% increase over the $81.6 million of operating profit reported in 1997.

The increase in Brink's worldwide revenues and operating profits in 1998 as compared to 1997 primarily reflects growth in North America and Europe. North America experienced continued strong performance of its armored car business, which includes ATM services. The increase in European revenue was primarily due to the acquisition of substantially all of the remaining shares (62%) of the Brink's affiliate in France in the first quarter of 1998 (discussed below) and its subsidiary in Germany (50%) in the second quarter of 1998. The increase in European operating profits primarily reflects improved results from operations in France, as well as the increased ownership. Operating results during 1998 were negatively impacted by lower profits from Latin America primarily due to an equity loss from Brink's affiliate in Mexico and costs associated with start-up operations in Argentina.

Brink's worldwide consolidated revenues totaled $921.9 million in 1997 compared to $754.0 million in 1996, a 22% increase. Brink's 1997 operating profit of $81.6 million represented a 44% increase over the $56.8 million of operating profit reported in 1996.

The increase in Brink's worldwide revenues in 1997 over 1996 reflects growth across all geographic regions while operating profit increases in 1997 reflect improved results in all regions except Asia/Pacific. Increases in revenues and operating profits in North America were due to strong performance in most product lines. The improvement in European revenues and operating profits in 1997 was due to strong results in most European countries, partially offset by lower results from the then 38% owned affiliate in France. Increases in revenues and operating profit in Latin America were primarily due to the

consolidation of the results of Brink's Venezuelan subsidiary, Custodia y Traslado de Valores, C.A. ("Custravalca"), where Brink's increased its ownership from 15% to 61% in January 1997.

BHS

Revenues for BHS increased by $24.0 million (13%) to $203.6 million in 1998 from $179.6 million in 1997. Revenues in 1997 were $23.8 million (15%) higher than the $155.8 million earned in 1996. The increase in revenues in both years was predominantly the result of higher ongoing monitoring and service revenues caused by growth of the subscriber base (14% in 1998 and 15% in 1997), as well as higher average monitoring fees. As a result of such growth, monthly recurring revenues grew 17% and 21%, in the 1998 and 1997 periods, respectively. Installation revenue for 1998 and 1997 decreased 4% and 3%, respectively, over the earlier year. While the number of new security system installations increased, the revenue per installation decreased in response to continuing competitive pricing pressures.

Operating profit increased $0.2 million and $8.0 in 1998 and 1997, respectively, as compared to a year earlier. The increase in 1997 operating profit over that of 1996 includes an $8.9 million reduction in depreciation expense resulting from a change in estimate (discussed below.) Operating profit in both 1998 and 1997 was favorably impacted by the monitoring and servicing revenue increases mentioned above. However, this benefit was largely offset by upfront marketing and sales costs incurred and expensed in connection with obtaining new subscribers, combined with lower levels of installation revenue. Both of these factors are a consequence of the continuing competitive environment in the residential security market. Management expects to slow the relative increase of these upfront costs during 1999 through intensified focus on marketing and sales efficiencies.

It is BHS' policy to depreciate capitalized subscriber installation expenditures over the estimated life of the security system based on subscriber retention percentages. BHS initially developed its annual depreciation rate based on information about subscriber retention which was available at the time. However, accumulated historical data about actual subscriber retention has indicated that subscribers remained active for longer periods of time than originally estimated. Therefore, in order to reflect the higher demonstrated retention of subscribers, and to more accurately match depreciation expense with monthly recurring revenue generated from active subscribers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscriber installation costs. BHS will continue its practice of charging the remaining net book value of all capitalized subscriber installation expenditures to depreciation expense as soon as a system is identified for disconnection. This change in estimate reduced depreciation expense for capitalized installation costs in 1997 by $8.9 million. As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel and costs incurred in maintaining facilities and vehicles dedicated to the installation process. The effect of this change in accounting principle was to increase operating profit for the Brink's Group and the BHS segment for 1998, 1997 and 1996 by $6.1 million, $4.9 million and $4.5 million, respectively. The effect of this change increased diluted net income per common share of the Brink's Stock by $0.10 in 1998, $0.08 in 1997 and $0.07 in 1996.

BAX GLOBAL INC.

Operating revenues in 1998 increased by 7% to $1.8 billion from $1.7 billion in 1997. BAX Global's operating loss of $0.6 million in 1998 represented a decrease of $63.9 million from the operating profit of $63.3 million reported in 1997. Operating profit in 1998 was negatively impacted by the aforementioned additional expenses of approximately $36 million, which are discussed in more detail below. Operating profit in 1997 included $12.5 million related to consulting expenses for the redesign of BAX Global's business processes and new information systems architecture.

Operating revenues during 1998 increased across all geographic regions. Operating revenues in 1998 benefited from increases in non-expedited freight services revenue which was due to the growth of supply chain management services (formerly "logistics") abroad, along with revenues from a recently acquired airline company discussed below. In addition, expedited freight services revenues increased due to a 4% increase in pounds shipped, partially offset by a 2% decrease in yield on this volume in 1998 as compared to 1997. Lower average yields in 1998 were a function of the higher average pricing in 1997, as well as the negative impact of economic conditions in Asia resulting in less export traffic in 1998 to the higher yielding Asian markets. Pricing in 1997 was favorably impacted by shipment surcharges, as well as higher average pricing in the USA due, in part, to the effects of a strike at United Parcel Service (the "UPS Strike".)

In addition to the aforementioned additional expense of approximately $36 million, the operating loss in 1998 was negatively impacted by higher levels of transportation and operating costs in the USA associated with additional capacity in anticipation of higher volumes, coupled with higher global information technology ("IT") costs including expenditures for Year 2000 initiatives. In addition, operating profit in 1997 included benefits from the UPS Strike.

Total operating revenues in 1997 increased by 12% to $1.7 billion from $1.5 billion in 1996. BAX Global's operating profit of $63.3 million in 1997 represented a decrease of $1.3 million from the operating profit of $64.6 million reported in 1996. Operating profit in 1997 included the previously mentioned $12.5 million of special consulting expenses.

Operating revenues in 1997 increased across all geographic regions due primarily to increases in worldwide expedited freight services pounds shipped (9%), combined with an overall increase (2%) in yield on this volume. Higher average yields were impacted by shipment surcharges, as well as higher average pricing in the USA from the effects of the UPS Strike. Increases in volumes were impacted by the UPS Strike and by increases in USA exports. In addition, revenues during 1997 reflect increases in supply chain management services, primarily the result of the acquisition of an international supply chain management provider, discussed below.

Operating profit in 1997 was favorably impacted by the UPS Strike and by improved margins on USA exports, while 1996 operating profit benefited from the reduction in US Federal excise tax liabilities. These benefits in 1997 were partially offset by higher transportation expenses in the USA associated with additional capacity designed to improve on-time customer service and $12.5 million of special consulting expenses.

During early 1997, BAX Global began an extensive review of the company's IT strategy. Through this review, senior management from around the world developed a new global strategy to improve business processes with an emphasis on new information systems intended to enhance productivity and improve the company's competitive position, as well as address and remediate the company's Year 2000 compliance issues. The company ultimately committed up to $120 million to be spent from 1997 to early 2000 to improve information systems and complete Year 2000 initiatives.

However, in conjunction with priorities established by BAX Global's new president and chief executive officer, who joined the company in June 1998, senior management re-examined its global IT strategy. It was determined that the critical IT objectives to be accomplished by the end of 1999 were Year 2000 compliance and the consolidation and integration of certain key operating and financial systems, supplemented by process improvement initiatives to enhance these efforts. As a result of this re-examination, senior management determined that certain non-critical, in-process IT software development projects that were begun in late 1997 under the BAX Process Innovation ("BPI") project would be terminated. Therefore, costs relating to these projects, which had previously been capitalized, were written off during the third quarter of 1998. Also as a result of this re-examination, certain existing software applications were found to have no future service potential or value. The combined carrying amount of these assets, which were written off, approximated $16 million. It is management's belief at this time that the current ongoing information technology initiatives that originated from the previously mentioned BPI project are necessary and will be successfully completed and implemented. Such costs are included in selling, general and administrative expenses in the statement of operations for the year ended December 31, 1998.

BAX Global recorded additional provisions aggregating approximately $13 million in the third quarter of 1998 related to existing accounts receivable. These provisions were needed primarily as the result of the deterioration of the economic and operating environments in certain international markets, primarily Asia/Pacific and Latin America. As a result of a comprehensive review of accounts receivables, undertaken in response to that deterioration, such accounts receivable were not considered cost effective to pursue further and/or improbable of collection. The majority of the additional provisions were included in selling, general and administrative expenses in the statement of operations.

During the third quarter of 1998, BAX Global recorded severance and other expenses of approximately $7 million. The majority of these expenses related to an organizational realignment proposed by newly elected senior management which included a resource streamlining initiative that required the elimination, consolidation or restructuring of approximately 180 employee positions. The positions reside primarily in the USA and in BAX Global's Atlantic region and include administrative and management-level positions. The estimated costs of severance benefits for terminated employees are expected to be paid through mid-1999. At this time management has no plans to institute further organizational changes which would require significant costs related to involuntary terminations. The related charge has been included in selling, general and administrative expenses in the statement of operations for the year ended December 31, 1998.

The recent deterioration of economic conditions primarily in Latin America and Asia/Pacific have impacted the financial results of BAX Global through the accrual of additional provisions for receivables in those regions in the second, third and fourth quarters of 1998. The potential for further deterioration of the economies in those regions could negatively impact the company's results of operations in the future.

On April 30, 1998, BAX Global acquired the privately held Air Transport International LLC ("ATI") for approximately $29 million in a transaction accounted for as a purchase. ATI is a US-based freight and passenger airline which operates a certificated fleet of DC-8 aircraft providing services to BAX Global and other customers. The ATI acquisition is part of BAX Global's strategy to improve the quality of its service offerings for its customers by increasing its control over flight operations. As a result of this transaction, BAX Global suspended its efforts to start up its own certificated airline carrier operations.

In June 1997, BAX Global completed its acquisition of Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands. BAX Global acquired Cleton for the equivalent of US $10.7 million in cash and the assumption of the equivalent of US $10.0 million of debt. Additional contingent payments ranging from the current equivalent of US $0 to US $3.0 million will be paid over

the next two years based on certain performance criteria of Cleton.

PITTSTON COAL

Net sales for 1998 amounted to $503.3 million compared to $612.9 million in 1997, a decrease of $109.6 million (18%). Operating profit of $3.2 million in 1998 represented a $9.0 million decrease (74%) from the $12.2 million operating profit reported in 1997. Operating profit in 1998 included the benefit of $1.5 million from the reversal of excess restructuring liabilities.

Net sales in 1998 were negatively impacted by a decrease of 3.7 million tons of coal sold (18%), primarily resulting from lower production levels caused by the disposition of certain steam coal producing assets discussed below. The disposition of these assets also created a change in the overall sales mix with steam coal sales representing 58% of total volume in 1998 as compared to 63% in 1997. This favorably impacted overall realization per ton as a higher percentage of sales were from metallurgical coal which generally has a higher realization per ton than steam coal. However, overall coal margin per ton decreased 6% from $2.23 per ton to $2.09 per ton due to the corresponding changes in the production mix which resulted in a greater proportion of deep mine production which is generally more costly, combined with a decrease in metallurgical coal margins. Metallurgical coal margins were negatively impacted by lower realizations per ton resulting from lower negotiated pricing with metallurgical contract customers caused by softened market conditions. Management does not anticipate a significant recovery of this market during 1999.

The change in operating profit during 1998 was primarily due to the negative impact of lower overall coal margin per ton. This was partially offset, however, by favorable impacts resulting from higher gains on sales of assets ($3.2 million, discussed below) and a gain on a litigation settlement ($2.6 million) recorded in 1998. Pittston Coal anticipates that certain long-term benefit obligation costs will significantly increase in 1999.

Pittston Coal anticipates that certain long-term benefit obligation costs will significantly increase in 1999.

Net sales for 1997 amounted to $612.9 million compared to $677.4 million in 1996, a decrease of $64.5 million (10%). Operating profit in 1997 of $12.2 million represented a $7.8 million decrease from the $20.0 million reported in 1996.

Net sales during 1997 decreased due to an 11% (2.5 million tons) decrease in the tons of coal sold, slightly offset by higher average realizations per ton. The reduction in tonnage was due to the expiration of certain long-term steam coal contracts coupled with reduced spot sales. Steam coal sales represented 63% and 65% of total volume in 1997 and 1996, respectively. Average steam realization per ton increased during 1998 due to price escalation provisions in existing long-term contracts, while the metallurgical coal realization per ton decreased due to lower average price settlements with metallurgical customers.

Operating profit in 1997 included a benefit of $3.1 million from the reversal of excess restructuring liabilities. Operating results in 1996 included a benefit of $35.7 million from the settlement of the Evergreen case at an amount lower than previously accrued in 1993 and a benefit from the reversal of excess restructuring liabilities of $11.7 million. These 1996 benefits were offset, in part, by a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets. The charge is included in cost of sales ($26.3 million) and selling, general and administrative expenses ($3.6 million). All three of these items are discussed in greater detail below.

After considering the above items, operating profit increased $6.4 million in 1997 primarily due to the higher level of coal margin per ton, which increased to $2.23 per ton in 1997 from $1.54 per ton in 1996. This was due to a combination of the increase in realization per ton discussed above and a decrease in the current production cost per ton of coal sold. Production costs in 1997 were favorably impacted by lower surface mine costs and decreases in employee benefit and reclamation liabilities. Offsetting the increase in coal margin was a decrease in other operating income which is due to the inclusion in 1996 of a one-time benefit of $3.0 million from a litigation settlement.

During 1998, Pittston Coal continued its program of disposing of idle and under-performing assets in order to improve overall returns, generate cash and reduce its reclamation activities. In connection with this, Pittston Coal disposed of certain assets and properties during 1998 that resulted in a net pre-tax gain of $3.2 million. In the second quarter of 1998, Pittston Coal sold a surface steam mine, coal supply contracts and limited coal reserves of its Elkay mining operation in West Virginia. The referenced mine produced approximately one million tons of steam coal in 1998 prior to cessation of operations in April 1998. Total cash proceeds from the sale approximated $18 million, resulting in a pre-tax loss of approximately $2.2 million. This loss includes approximately $2.0 million of inventory write-downs (included in cost of sales) related to coal which can no longer be blended with other coals produced from these disposed assets. In addition, during the third quarter of 1998, Pittston Coal sold two idle coal properties in West Virginia and a loading dock in Kentucky for a pre-tax gain totaling $5.4 million.

As earlier reported, Pittston Coal had begun to develop a major underground metallurgical coal mine on company-owned reserves

in Virginia. Due to the previously discussed uncertainty in the metallurgical export market, the development of this mine has been delayed.

A controversy related to a method of mining called "mountaintop removal" that began in mid-1998 in West Virginia involving an unrelated party has resulted in a suspension in the issuance of several mining permits. Due to the broadness of the suspension, there has been a delay in Vandalia Resources, Inc., a wholly-owned subsidiary of the Company, being issued in a timely fashion a mine permit necessary for its uninterrupted mining. Vandalia Resources is actively pursuing the issuance of the permit, but the time frame of when, or if, the permit will be issued is currently unknown. In light of the inability to determine when, and if a permit will be issued, the effect of the delay in obtaining this permit cannot be predicted. During the year ended December 31, 1998, mining operations which are pursuing this permit produced approximately 2.7 million tons of coal resulting in revenues of approximately $81.8 million.

At December 31, 1998, Pittston Coal had a liability of $25.2 million for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Pittston Coal will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted, at December 31, 1998, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions, Pittston Coal reversed $11.7 million of the reserve in 1996. The 1996 reversal included $4.8 million related to estimated mine and plant closures, primarily reclamation, and $6.9 million in employee severance and other benefit costs. As a result of favorable workers' compensation claim development, Pittston Coal reversed $1.5 million and $3.1 million in 1998 and 1997, respectively.

The following table analyzes the changes in liabilities during the last three years for restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1995	$ 1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (a)	842	5,499	3,921	10,262
Other reductions (b)	--	6,267	--	6,267
Balance December 31, 1996	376	12,439	25,285	38,100
Reversals	--	--	3,104	3,104
Payments (c)	376	1,764	2,010	4,150
Other	--	468	(468)	--
Balance December 31, 1997	--	11,143	19,703	30,846
Reversals	--	--	1,479	1,479
Payments (d)	--	1,238	1,917	3,155
Other reductions (b)	--	999	--	999
Balance December 31, 1998	$ --	8,906	16,307	25,213

(a) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993 and $4,658 was for liabilities recorded in 1994.
(b) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.
(c) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.
(d) Of the total payments made in 1998, $2,491 was for liabilities recorded in years prior to 1993, $10 was for liabilities recorded in 1993 and $654 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $3.0 million to $5.0 million. The liability for mine and plant closure costs is expected to be satisfied over the next eight years, of which approximately 34% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to eight years.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which "signatory operators" and

"related persons", including the Company and certain of its subsidiaries
(collectively, the "Pittston Companies"),

are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share for certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1998, 1997 and 1996, these amounts, on a pretax basis, were approximately $9.6 million, $9.3 million and $10.4 million, respectively. The Company currently estimates that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10 million per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

As a result of legal developments in 1998 involving the Health Benefit Act, the Company experienced an increase in its assessments under the Health Benefit Act for the twelve month period beginning October 1, 1998, approximating $1.7 million, $1.1 million of which relates to retroactive assessments for years prior to 1998. This increase consists of charges for death benefits which are provided for by the Health Benefit Act, but which previously have been covered by other funding sources. As with all the Company's Health Benefit Act assessments, this amount is to be paid in 12 equal monthly installments over the plan year beginning October 1, 1998. The Company is unable to determine at this time whether any other additional amounts will apply in future plan years.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' beneficiaries remaining at December 31, 1998 at approximately $216 million, which when discounted at 7.0% provides a present value estimate of approximately $99 million. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and the annual cost is recognized on a pay-as-you-go basis.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain post-retirement health benefits for thousands of retired union mine workers and their dependents. Substantially all of the Company's accumulated post-retirement benefit obligation as of December 31, 1998 for retirees of $282.7 million relates to such retired workers and their beneficiaries.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined.

In 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Minerals Group recognized in their financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case.

In late March 1996, a settlement was reached in the Evergreen Case. Under the terms of the settlement the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25.8 million upon dismissal of the Evergreen Case and the remainder of $24.0 million in installments of $7.0 million in 1996 and $8.5 million in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second, third and fourth (last) payments were paid according to schedule and were funded from cash provided by operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan. As a result of the settlement of the Evergreen Case at an amount lower than those previously accrued, the Minerals Group recorded a benefit of approximately $35.7 million ($23.2 million after-tax) in the first quarter of 1996 in its financial statements.

In 1996, the Minerals Group adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 requires companies to review assets for impairment whenever circumstances indicate that the carrying amount for an asset may not be recoverable. SFAS No. 121 resulted in a pre-tax charge to 1996 earnings for Pittston Coal of $29.9 million ($19.5 million after-tax), of which $26.3 million was included in cost of sales and $3.6 million was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advanced royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment. No material charges were incurred in 1998 or 1997.

The coal operating companies included within Pittston Coal are generally liable under federal laws requiring payment of benefits to coal miners with pneumoconiosis ("black lung"). The Black Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977 (the "1977 Act"), as amended by the Black Lung Benefits and Revenue Amendments Act of 1981 (the "1981 Act"), expanded the benefits for black lung disease and levied a tax on coal production of $1.10 per ton for deep-mined coal and $0.55 per ton for surface-mined coal, but not to exceed 4.4% of the sales price. In addition, the 1981 Act provides that certain claims for which coal operations had previously been responsible will be obligations of the government trust funded by the tax. The 1981 Act also tightened standards set by the 1977 Act for establishing and maintaining eligibility for benefits. The Revenue Act of 1987 extended the termination date of the tax from January 1, 1996 to the earlier of January 1, 2014 or the date on which the government trust becomes solvent. The Company cannot predict whether any future legislation effecting changes in the tax will be enacted. A number of the subsidiaries of the Company filed a civil action in the United States District court for the Eastern District of Virginia asking the Court to find that the assessment of the black lung tax on coal the Company subsidiaries sold to foreign customers for the first quarter of 1997 was unconstitutional. On December 28, 1998, the District court found the black lung tax, as assessed against foreign coal sales, to be unconstitutional and entered judgment for the Company's subsidiaries in an amount in excess of $0.7 million. The Company will seek a refund of the black lung tax it paid on any of its foreign coal sales for periods as far back as applicable statute of limitations will permit. The ultimate amounts and timing of such refunds, if any, cannot be determined at the present time.

MINERAL VENTURES
Net sales during 1998 were $15.3 million, a decrease of $2.4 million (13%) from the $17.7 million reported in 1997. The operating loss of $1.0 million in 1998 represents a $1.1 million improvement from the $2.1 million operating loss of 1997.

The decrease in net sales during 1998 was due to lower gold sales resulting from declining gold prices in the market, partially offset by higher levels of gold ounces sold. Operating profit during the same period was negatively impacted by lower sales levels, but benefited from reduced production costs. Production costs were lower in 1998 primarily due to a weaker Australian dollar, while costs in 1997 were negatively impacted by unfavorable ground conditions and mine repair costs. In addition, operating results in 1998 benefited from increased equity earnings in its Australian affiliate resulting from a gain on the sale of certain nickel operations.

Net sales during 1997 were $17.7 million, a decrease of $1.4 million (7%) from the $19.1 million reported in 1996. The operating loss of $2.1 million in 1997 represents a $3.7 million decrease from the $1.6 million operating profit earned in 1996. The decrease in net sales during 1997 was due to lower gold sales. While gold prices improved from 1996 to 1997, the lower level of gold ounces sold more than offset the higher pricing. The reduction in operating profit during 1997 was due to these lower sales levels combined with increases in production and other operating costs. As mentioned above, production costs in 1997 were higher due to unfavorable ground conditions and mine repair costs, while other operating costs were higher due to increased gold exploration costs.

FOREIGN OPERATIONS
A portion of the Company's financial results is derived from activities in a number of foreign countries located in Europe, Asia and Latin America each with a local currency other than the US dollar. Because the financial results of the Company are reported in US dollars, they are affected by changes in the value of the various foreign currencies in relation to the US dollar. Changes in exchange rates may also adversely affect transactions which are denominated in currencies other than the functional currency. The Company periodically enters into such transactions in the course of its business. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency fluctuations may have in any one country on the translated results. The Company, from time to time, uses foreign currency forward contracts to hedge transactional risks associated with foreign currencies. (See "Market Risk Exposures" below.) Translation adjustments of net monetary assets and liabilities denominated in the local currency relating to operations in countries with highly inflationary economies are included in net income, along with all transaction gains or losses for the period. Subsidiaries in Venezuela and an affiliate and a subsidiary in Mexico operate in such highly inflationary economies. Prior to January 1, 1998, the economy in Brazil, in which the Company has subsidiaries, was also considered highly inflationary. As of January 1, 1999, the economy of Mexico will no longer be considered hyperinflationary.

The Company is also subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions, political instability, controls on repatriation of earnings and capital, nationalization, expropriation and other forms of restrictive action by local governments. The future effects, if any, of such risks on the Company cannot be predicted.

CORPORATE EXPENSES
In 1998, general corporate expenses totaled $27.9 million compared with $19.7 million and $21.4 million in 1997 and 1996, respectively. Corporate expenses in 1998 included costs associated with a severance agreement with a former member of the Company's senior management and $5.8 million of additional expenses relating to a retirement agreement between the Company and its former Chairman and CEO. Corporate expenses in 1996 reflect the costs associated with the relocation of the Company's corporate headquarters to Richmond, Virginia, which approximated $2.9 million.

OTHER OPERATING INCOME, NET
Other net operating income principally includes the Company's share of net income of unconsolidated foreign affiliates, royalty income, foreign currency exchange gains and losses, and gains and losses from sales of coal assets. Other net operating income for 1998 increased $7.1 million to $21.1 million and decreased $3.4 million in 1997 from the $17.4 million recorded in 1996. The higher level of other net operating income in 1998 primarily relates to higher levels of gains on the sale of coal assets, a gain on a litigation settlement by Pittston Coal and higher levels of net income of Minerals Ventures unconsolidated Australian foreign affiliate. Partially offsetting these amounts are lower foreign currency exchange gains. The lower level of other net operating income in 1997 was primarily due to a $3.0 million one-time benefit related to a Pittston Coal litigation settlement in 1996.

INTEREST EXPENSE, NET
Net interest expense totaled $33.7 million in 1998 compared with $22.7 million in 1997 and $10.6 million in 1996. The increase in 1998 was primarily due to unusually high interest rates in Venezuela associated with local currency borrowings in that country, and to a lesser extent was due to borrowings resulting from capital expenditures and from acquisitions by both Brink's and BAX to expand their operations. The increase in 1997 over 1996 is predominantly due to borrowings resulting from capital expenditures and from acquisitions by both Brink's and BAX Global to expand their operations.

OTHER INCOME/EXPENSE, NET
Other net income in 1998 of $3.8 million represented an $11.0 million increase from the $7.1 million net expense reported in 1997 which was $2.1 million lower than the net expense of $9.2 million in 1996. Other net income in 1998 reflects higher foreign translation gains, lower minority interest expense for Brink's consolidated affiliates and a gain on the sale of surplus aircraft by BAX Global. The higher level of other net operating expense in 1996 was due primarily to an increase in minority interest expense for Brink's consolidated affiliates, offset in part by lower foreign translation losses.

INCOME TAXES
In 1998, 1997 and 1996, the provision for income taxes was less than the statutory federal income tax rate of 35% primarily due to the tax benefits of percentage depletion and lower taxes on foreign income, partially offset by provisions for goodwill amortization and state income taxes.

Based on the Company's historical and expected taxable earnings, management believes it is more likely than not that the Company will realize the benefit of the existing deferred tax asset at December 31, 1998.

FINANCIAL CONDITION

CASH FLOW REQUIREMENTS
Cash provided by operating activities totaled $231.8 million, a decrease of $36.3 million from the $268.1 million generated during 1997. Lower levels of net income combined with higher funding requirements for operating assets and liabilities were partially offset by higher levels of non-cash charges. Net cash provided by operating activities did not fully fund investing activities (primarily capital expenditures, acquisitions and aircraft heavy maintenance) and share activities, resulting in a net increase in debt of $107.9 million.

CAPITAL EXPENDITURES
Cash capital expenditures for 1998 totaled $256.6 million, $82.8 million higher than 1997. Of the amount of cash capital expenditures, $81.7 million (32%) was spent by BHS, $75.6 million (29%) was spent by BAX Global, $74.7 million (29%) was spent by Brink's, $20.6 million (8%) was spent by Pittston Coal and $3.4 million (1%) was spent by Mineral Ventures. Expenditures were primarily for new BHS customer installations, replacement and maintenance of assets used in current ongoing business operations and the development of new information systems. Cash capital expenditures in 1999 are currently expected to approximate $245 million.

The foregoing amounts exclude expenditures that have been or are expected to be financed through capital and operating leases and any acquisition expenditures.

FINANCING
The Company intends to fund capital expenditures through cash flow from operating activities or through operating leases if the latter are financially attractive. Shortfalls, if any, will be financed through the Company's revolving credit agreements or other borrowing arrangements.

Total debt outstanding at December 31, 1998 was $448.1 million, an increase of $204.8 million from the $243.3 million outstanding at December 31, 1997. The net increase in debt primarily relates to acquisitions by Brink's and BAX Global during the year, as well as additional cash required to fund capital expenditures. As a result of changes in certain recourse provisions during 1998, as of December 31, 1998, certain receivable financing transactions were accounted for as transfers of the receivables, resulting in the uncollected receivables balances remaining on the balance sheet with a corresponding short-term obligation of $29.7 million recognized. During 1997, these transactions were accounted for as sales of receivables, resulting in the removal of the receivables from the balance sheet.

The Company has a $350.0 million credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and also permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. The maturity date of both the term loan and revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31,

1998 and 1997, borrowings of $100.0 million were outstanding under the term loan portion of the Facility and $91.6 million and $25.9 million, respectively, of additional borrowings were outstanding under the remainder of the Facility.

Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398 million at December 31, 1998.

In the first quarter of 1998, in connection with its acquisition of substantially all of the remaining shares (62%) of its Brink's France affiliate ("Brink's S.A."), the Company made a note to the seller for a principal amount of US $27.5 million payable in annual installments plus interest through 2001. In addition, borrowings of approximately US $19 million and capital leases of approximately US $30 million were assumed.

In connection with its acquisition of Custravalca, the Company entered into a borrowing arrangement with a syndicate of local Venezuelan banks. The borrowings consisted of a long-term loan denominated in the local currency equivalent to US $40.0 million and a $10.0 million short-term loan denominated in US dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. As of December 31, 1998, total borrowings under this arrangement were equivalent to US $27.2 million.

MARKET RISK EXPOSURES

The Company has activities in a number of foreign countries located in Europe, Asia and Latin America, which expose it to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates, and commodity prices. These financial exposures are monitored and managed by the Company as an integral part of its overall risk management program. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency rate fluctuations may have in any one country on the translated results. The Company's risk management program considers this favorable diversification effect as it measures the Company's exposure to financial markets and as appropriate, seeks to reduce the potentially adverse effects that the volatility of certain markets may have on its operating results.

The Company enters into various derivative and non-derivative hedging instruments, as discussed below, to hedge its foreign currency, interest rate, and commodity exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. Management of the Company does not expect any losses due to such counterparty default.

The Company assesses interest rate, foreign currency, and commodity risks by continually identifying and monitoring changes in interest rate, foreign currency and commodity exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Company maintains risk management control systems to monitor these risks attributable to both the Company's outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates, foreign currency rates and commodity prices on the Company's future cash flows. The Company does not use derivative instruments for purposes other than hedging.

The sensitivity analyses discussed below for the market risk exposures were based on several assumptions. The disclosures with respect to foreign exchange, interest rate and commodity risks do not take into account forecasted foreign exchange, interest rate or commodity transactions. Actual results will be determined by a number of factors that are not under management's control and could vary significantly from those disclosed.

Interest Rate Risk

The Company primarily uses variable-rate debt denominated in US dollars and foreign currencies, including Venezuelan bolivars, French francs, Singapore dollars, and Dutch guilders, to finance its operations. These debt obligations expose the Company to variability in interest expense due to changes in the general level of interest rates in these countries. Venezuela is considered a highly inflationary economy, and therefore, the effects of increases or decreases in that country's interest rates may be partially offset by corresponding decreases or increases in the currency exchange rates which will affect the US dollar value of the underlying debt. In order to limit the variability of the interest expense on its debt denominated in US currency, the Company converts the variable-rate cash flows on a portion of its $100 million term-loan, which is part of the Facility (see Note 7), to fixed-rate cash flows by entering into interest rate swaps which involve the exchange of floating interest payments for fixed interest payments.

In addition, to the US dollar denominated fixed interest rate swaps, the Company also has fixed-rate debt denominated in US dollars and foreign currencies (primarily French francs). The fixed rate debt and interest rate swaps are subject to fluctuations in their fair values as a result of changes in interest rates.

Based on the overall interest rate level of both US dollar and foreign currency denominated variable rate debt outstanding at December 31, 1998, a hypothetical 10% change (as a percentage of interest rates on outstanding debt) in the Company's effective interest rate from year-end 1998 levels would change interest expense by approximately $3.5 million over a twelve month period. Debt designated as hedged by the interest rate swaps has been excluded from this amount. The effect on the fair value of US and foreign currency denominated fixed rate debt (including US dollar fixed interest rate swaps) for a hypothetical 10% uniform shift (as a percentage of market interest rates) in the yield curves for interest rates in various countries from year-end 1998 levels would be immaterial.

Foreign Currency Risk

The Company has certain exposures to the effects of foreign exchange rate fluctuations on reported results in US dollars of foreign operations. Due in part to the favorable diversification effects resulting from operations in various countries located in Europe, Asia and Latin America, including Canada, Australia, the United Kingdom, France, Holland, South Africa, Germany, Mexico, Brazil, Venezuela, Colombia, Singapore, Japan, and India, the Company does not generally enter into foreign exchange hedges to mitigate these exposures.

The Company is exposed periodically to the foreign currency rate fluctuations that affect transactions not denominated in the functional currency of domestic and foreign operations. To mitigate these exposures, the Company, from time to time, enters into foreign currency forward contracts.

Mineral Ventures has operations which are exposed to currency risk arising from gold sales denominated in US dollars while its local operating costs are denominated in Australian dollars. Mineral Ventures utilizes foreign currency forward contracts to hedge the variability in cash flows resulting from these exposures for up to two years into the future.

In addition, the Company has net investments in a number of foreign subsidiaries which are translated at exchange rates at the balance sheet date. Resulting cumulative translation adjustments are recorded as a separate component of shareholders' equity and exposes the Company to adjustments resulting from foreign exchange rate volatility. The Company, at times, uses non-derivative financial instruments to hedge this exposure. Currency exposure related to the net assets of the Brink's subsidiary in France are managed, in part, through a foreign currency denominated debt agreement (seller financing) entered into as part of the acquisition by the Company. Gains and losses in the net investment in subsidiaries are offset by losses and gains in the debt obligations. All other hedges of net investments in foreign subsidiaries were immaterial to the Company. The translation adjustments for hyperinflationary economies in which the Company operates (currently Mexico and Venezuela) are recorded as a component of net income and exposes the Company to adjustments resulting from foreign exchange rate volatility.

The effects of a hypothetical simultaneous 10% appreciation in the US dollar from year end 1998 levels against all other currencies of countries in which the Company operates were measured for their potential impact on, 1) translation of earnings into US dollars based on 1998 results, 2) transactional exposures, and 3) translation of balance sheet equity accounts. The hypothetical effects would be approximately $3.0 million unfavorable for the translation of earnings into US dollars, approximately $1.4 million unfavorable earnings effect for transactional exposures, and approximately $22.1 million unfavorable for the translation of balance sheet equity accounts.

COMMODITIES PRICE RISK

The Company consumes or sells various commodities in the normal course of its business and utilizes derivative instruments to minimize the variability in forecasted cash flows due to adverse price movements in these commodities. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

The Company utilizes forward swap contracts for the purchase of jet fuel to fix a portion of forecasted jet fuel costs at specific price levels and it utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of jet fuel. The Company utilizes forward gold sales contracts to fix the selling price on a certain portion of its forecasted gold sales from the Stawell gold mine. The Company utilizes forward swap contracts for the purchase of diesel fuel to fix a portion of its forecasted diesel fuel costs at specific price levels and it utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of diesel fuel.

The following table represents the Company's outstanding commodity hedge contracts as of December 31, 1998:

(In thousands, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value
Forward gold sale contracts (a)	$ 41	$ 292	$ 18
Forward swap contracts:			
Jet fuel purchases (pay fixed) (b)	16,000	0.4923	(2,133)
Diesel fuel purchases (pay fixed) (b)	1,600	0.4180	(137)
Commodity options:			
Diesel Fuel - purchased call contracts (pay fixed) (b)	1,600	0.4180	7

==

(a) Ounces of gold.
(b) Gallons of fuel.

READINESS FOR YEAR 2000: SUMMARY

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. If not corrected, many date-sensitive applications could fail or create erroneous results by or in the year 2000. The Company understands the importance of having systems and equipment operational through the year 2000 and beyond and is committed to addressing these challenges while continuing to fulfill its business obligations to its customers and business partners. Year 2000 project teams have been established which are intended to make information technology assets, including embedded microprocessors ("IT assets"), non-IT assets, products, services and infrastructure Year 2000 ready.

READINESS FOR YEAR 2000: STATE OF READINESS
The following is a description of the Company's state of readiness for each of its operating units.

Brink's
The Brink's Year 2000 Project Team has divided its Year 2000 readiness program into six phases: (i) inventory, (ii) assessment, (iii) renovation, (iv) validation/testing, (v) implementation and (vi) integration. Worldwide, Brink's is largely in the renovation, validation/testing and implementation phases of its Year 2000 readiness program.

Brink's North America
With respect to Brink's North American operations, all core IT systems have been identified, renovation has taken place and the Year 2000 project is currently in both the implementation and integration phases. The implementation phase of the core operational systems is expected to be completed by the second quarter of 1999. Non-IT systems, including armored vehicles, closed circuit televisions, videocassette recorders and certain currency processing equipment, are in the assessment phase and certain renovation/replacement has been done. The renovation and validation phases for non-IT systems are expected to continue through the second quarter of 1999. As of December 31, 1998, most of Brink's North America IT systems have been tested and validated as Year 2000 ready. Brink's believes that all its IT and non-IT systems will be Year 2000 compliant or that there will be no material adverse effect on operations or financial results due to non-compliance.

Brink's International
All international affiliates have been provided with an implementation plan, prepared by the Global Year 2000 Project Team. In addition, there is senior management sponsorship in all international countries. The implementation plan requires semi-monthly reports as to the status of each category in each country. The categories include core systems, non-core systems, hardware, facilities, special equipment, voice/data systems, etc. Countries in Europe, Latin America and Asia/Pacific are in varying phases of the Year 2000 readiness program. In Europe, core systems have been identified, some are in the remediation and validation/testing phase, with others currently in the implementation and integration phases. In both Latin America and Asia/Pacific, most countries are currently in active renovation with several completing testing and implementation on core systems. Brink's plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000.

BHS
The BHS Year 2000 Project Team has divided its Year 2000 readiness program into four phases: (i) assessment, (ii) remediation/replacement, (iii) testing and (iv) integration. As of December 31, 1998, BHS has completed the assessment and remediation/replacement phases. BHS is currently in both the testing and integration phases. BHS plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000. As of December 31, 1998, at least 90% of BHS' IT and non-IT assets systems have been tested and verified as Year 2000 ready.

BAX Global
The BAX Global Year 2000 Project Team has divided its Year 2000 readiness program into five phases: (i) inventory, (ii) assess and test, (iii) renovate, (iv) test and verify and (v) implement. At December 31, 1998, on a global basis, the inventory phase has been completed in the US and Europe and is substantially complete in Asia. During the first quarter of 1999, the inventory phase was on a global basis completed. Assessment of major systems in the Americas and Europe has been completed, with readiness testing now underway. Assessment is currently underway in Asia. Renovation activities for major systems are in process as are replacement activities for non-compliant components and systems that are not scheduled for renovation. Testing has also begun for systems that have been renovated. BAX Global plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000. As of December 31, 1998, more than 30% of the BAX Global's IT and non-IT assets systems have been tested and verified as Year 2000 ready.

Pittston Coal and Mineral Ventures
The Pittston Coal and Mineral Ventures Year 2000 Project Teams have divided their Year 2000 readiness programs into four phases: (i) assessment, (ii) remediation/replacement, (iii) testing, and (iv) integration. At December 31, 1998, the majority of the core IT assets are either already Year 2000 ready or in the testing or integration phases. Those assets that are not yet Year 2000 ready are scheduled to be remediated or replaced by the second quarter of 1999, with testing and integration to begin concurrently. Pittston Coal and Mineral Ventures plan to have completed all phases of their Year 2000 readiness programs on a timely basis prior to Year 2000. As of December 31, 1998, approximately 80% of hardware systems and embedded systems have been tested and verified as Year 2000 ready.

The Company
As part of its Year 2000 projects, the Company has sent comprehensive questionnaires to significant suppliers, and others with which it does business,

regarding their Year 2000 compliance and is in the process of identifying significant

problem areas with respect to these business partners. The Company is relying on such third parties' representations regarding their own readiness for Year 2000. This process will be ongoing and efforts with respect to specific problems identified will depend in part upon its assessment of the risk that any such problems may have a material adverse impact on its operations.

Further, the Company relies upon government agencies (particularly the Federal Aviation Administration and customs agencies worldwide), utility companies, telecommunication service companies and other service providers outside of its control. According to a recent General Accounting Office report to Congress, some airports will not be prepared for the Year 2000 and the problems these airports experience could impede traffic flow throughout the nation. As with most companies, the Company is vulnerable to significant suppliers', customers', and other third parties' inability to remedy their own Year 2000 issues. As the Company cannot control the conduct of its customers, suppliers or other third parties, there can be no guarantee that Year 2000 problems originating with a supplier or other third party will not occur.

READINESS FOR YEAR 2000: COSTS TO ADDRESS

The Company anticipates incurring remediation and acceleration costs for its Year 2000 readiness programs. Remediation includes the identification, assessment, remediation and testing phases of its Year 2000 readiness programs. Remediation costs include both the costs of modifying existing software and hardware as well as purchases that replace existing hardware and software that is not Year 2000 ready. Most of these costs will be incurred by Brink's Inc. and BAX Global. Acceleration costs include costs to purchase and/or develop and implement certain information technology systems whose implementation have been accelerated as a result of the Year 2000 readiness issue. Again most of these costs will be incurred by Brink's Inc. and BAX Global.

Total anticipated remediation and acceleration costs are detailed in the table below:

(Dollars in millions)	Acceleration Capitalized	Acceleration Expensed	Total
Total anticipated Year 2000 costs	$ 23.7	5.8	29.5
Incurred through December 31, 1998	13.9	1.8	15.7
Remainder	$ 9.8	4.0	13.8

	Remediation Capitalized	Remediation Expensed	Total
Total anticipated Year 2000 costs	$ 15.0	17.9	32.9
Incurred through December 31, 1998	6.5	9.8	16.3
Remainder	$ 8.5	8.1	16.6

	Total Capitalized	Total Expensed	Total
Total anticipated Year 2000 costs	$ 38.7	23.7	62.4
Incurred through December 31, 1998	20.4	11.6	32.0
Remainder	$ 18.3	12.1	30.4

READINESS FOR YEAR 2000: THE RISKS OF THE YEAR 2000 ISSUE

The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect results of operations, liquidity and financial condition of the Company.

The following is a description of the Company's risks of the Year 2000 issue for each of its operating units:

Brink's

Brink's believes its most reasonably likely worst case scenario is that it will experience a number of minor system malfunctions and errors in the early days and weeks of the Year 2000 that were not detected during its renovation and testing efforts. Brink's currently believes that these problems will not be overwhelming and are not likely to have a material effect on the Company's operations or financial results. Brink's may experience some additional personnel expenses related to Year 2000 failures, but such expenses are not expected to be material. As noted above, Brink's is vulnerable to significant suppliers', customers' and other third parties' inability to remedy their own

Year 2000 issues. As Brink's cannot control the conduct of its suppliers or other third parties, there can be no guarantee that Year 2000 problems originating with a supplier, customer or other third party will not occur. However, Brink's program of communication with major third parties with whom they do business is intended to minimize any potential risks related to third party failures.

BHS

BHS has begun an analysis of the operational problems and costs that would be reasonably likely to result from the failure by BHS and certain third parties to complete efforts necessary to achieve Year 2000 readiness on a timely basis. BHS believes its most reasonably likely worst case scenario is that its ability to receive alarm signals from some or all of its customers may be disrupted due to temporary regional service outages sustained by third party electric utilities, local telephone companies, and/or long distance telephone service providers. Such outages could occur regionally, affecting clusters of customers, or could occur at BHS's principal monitoring facility, possibly affecting the ability to provide service to all customers. BHS currently believes that these problems will not be overwhelming and are not likely to have a material effect on the Company's operations or financial condition.

BAX Global

The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business

activities or operations. Such failures could materially and adversely affect results of operations, liquidity and financial condition of BAX Global. The extent to which such a failure may adversely affect operations is being assessed. BAX Global believes its most reasonably likely worst case scenario is that it will experience a number of minor system malfunctions and errors in the early days and weeks of the Year 2000 that were not detected during its renovation and testing efforts. BAX Global currently believes that these problems will not be overwhelming and are not likely to have a material effect on the company's operations or financial results. As noted above, BAX Global is vulnerable to significant suppliers', customers' and other third parties' (particularly government agencies such as the Federal Aviation Administration and customs agencies worldwide) inability to remedy their own Year 2000 issues. As BAX Global cannot control the conduct of third parties, there can be no guarantee that Year 2000 problems originating with a supplier, customer or other third party will not occur. However, BAX Global's program of communication and assessments of major third parties with whom they do business is intended to minimize any potential risks related to third party failures.

Pittston Coal and Mineral Ventures
Pittston Coal and Mineral Ventures believe that their internal information technology systems will be renovated successfully prior to year 2000. All "Mission Critical" systems have been identified that would cause the greatest disruption to the organizations. The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures should have no material or significant adverse effect on the results of operations or financial condition of the Company. Pittston Coal and Mineral Ventures believe they have identified their likely worst case scenarios. The likely worst case scenarios, assuming no external failures such as power outages or delays in railroad transportation services, could be delays in invoicing customers and payment of vendors. These likely worst case scenarios, should they occur, are not expected to result in a material impact on the Company's financial statements. The production of coal and gold is not heavily dependent on computer technology and would continue with limited impact.

READINESS FOR YEAR 2000: CONTINGENCY PLAN
The following is a description of the Company's contingency plans for each of its operating units:

Brink's
A contingency planning document, which was developed with the assistance of an external facilitator, is being finalized for Brink's North American operations. Brink's provides a number of different services to its customers and each type of service line was reviewed during the contingency planning sessions. This contingency planning document addresses the issue of what Brink's response would be should a system/device fail, as well as what preparations and actions are required beforehand to ensure continuity of services if those identified systems failed. This includes, in some cases, reverting to paper processes to track and handle packages, additional staff if required and increased supervisory presence. Brink's may experience some additional personnel expenses related to any Year 2000 failures, but they are not expected to be material. This contingency planning document is being made available to Brink's International operations to use as a guidance in developing appropriate contingency plans at each of their locations and for the specific services they provide to their customers.

BHS
BHS has begun to develop a contingency plan, which is expected to be completed in the first half of 1999, for dealing with the most reasonably likely worst case scenario. This contingency planning document will address the issue of what BHS's response would be should it sustain a service outage encountered by the third party electric utility, local telephone company, and/or primary long distance telephone service provider at its principal monitoring facility. This includes, among other things, the testing of redundant system connectivity routed through multiple switching stations of the local telephone company, and testing of backup electric generators at both BHS's principal and backup monitoring facilities.

BAX Global
During the first quarter of 1999, BAX Global began developing a contingency plan for dealing with its most reasonably likely worst case scenario. The foundation for BAX Global's Year 2000 readiness program is to ensure that all mission-critical systems are renovated/replaced and tested at least six months prior to when a Year 2000 failure might occur if the program were not undertaken.

Pittston Coal and Mineral Ventures
Pittston Coal and Mineral Ventures have not yet developed contingency plans for dealing with their most likely worst case scenarios. Pittston Coal and Mineral Ventures are expected to develop contingency plans. The foundation for their Year 2000 Programs is to ensure that all mission-critical systems are renovated/replaced and tested at least three months prior to when a Year 2000 failure might occur if the programs were not undertaken. As of December 31, 1998, all mission-critical systems, with the exception of human resources-related systems, have been tested and verified as Year 2000 ready. These human resources-related systems are not Year 2000 ready and are scheduled to be replaced by mid-1999. In addition, as a normal course of business, Pittston Coal and Mineral Ventures maintain and deploy contingency plans designed to address various other potential business interruptions. These plans may be applicable to address the interruption of support provided by third parties resulting from their failure to be Year 2000 ready.

Readiness for Year 2000: Forward Looking Information
This discussion of the Company's readiness for Year 2000, including statements

regarding anticipated completion dates for various phases of the Company's Year 2000 project, estimated costs for Year 2000 readiness, the determination of likely worst

case scenarios, actions to be taken in the event of such worst case scenarios and the impact on the Company of any delays or problems in the implementation of Year 2000 initiatives by the Company and/or any public or private sector suppliers and service providers and customers involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Company, include, but are not limited to, government regulations and/or legislative initiatives, variations in costs or expenses relating to the implementation of Year 2000 initiatives, changes in the scope of improvements to Year 2000 initiatives and delays or problems in the implementation of Year 2000 initiatives by the Company and/or any public or private sector suppliers and service providers and customers.

EURO CONVERSION

As part of the European Economic and Monetary Union, a single currency (the "Euro") will replace the national currencies of most of the European countries in which the Company conducts business. The conversion rates between the Euro and the participating nations' currencies were fixed irrevocably as of January 1, 1999, and the participating national currencies will be removed from circulation between January 1 and June 30, 2002 and replaced by Euro notes and coinage. The Company is able to receive Euro denominated payments and invoice in Euro as requested by vendors and suppliers as of January 1, 1999 in the affected countries. Full conversion of all affected country operations to the Euro is expected to be completed by the time national currencies are removed from circulation. The effects of the conversion to the Euro on revenues, costs and business strategies is not expected to be material.

CONTINGENT LIABILITIES

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.6 million and $11.2 million and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgement that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Company's results of operations or financial position.

CAPITALIZATION

The Company has three classes of common stock: Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, BAX Group and Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Brink's Group consists of the Brink's and BHS operations of the Company. The BAX Group consists of the BAX Global operations of the Company. The Minerals Group consists of the Pittston Coal and Mineral Ventures operations of the Company. The Company prepares separate financial statements for the Brink's, BAX and Minerals Groups, in addition to consolidated financial information of the Company.

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January 1994 the Company issued $80.5 million (161,000 shares) of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), convertible into Minerals Stock. The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board and bears a liquidation preference of $500 per share, plus an attributed amount equal to accrued and unpaid dividends thereon.

Under the share repurchase programs authorized by the Board of Directors (the "Board"), the Company purchased shares in the periods presented as follows:

(Dollars in millions, shares in thousands)	Years Ended December 31 1998	1997
Brink's Stock:		
Shares	150	166
Cost	$ 5.6	4.3
BAX Stock:		
Shares	1,047	332
Cost	$ 12.7	7.4
Convertible Preferred Stock		
Shares	0.4	1.5
Cost	$ 0.1	0.6
Excess carrying amount (a)	$ 0.0	0.1

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years. This amount is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1998, the Company had the remaining repurchase authority with respect to the Convertible Preferred Stock of $24.2 million. As of December 31, 1998, the Company had remaining authority to purchase over time 1.0 million shares of Pittston Minerals Group Common Stock; 1.0 million shares of Pittston Brink's Common Stock; and 1.5 million shares of Pittston BAX Group Common Stock. The aggregate purchase price limitation for all common stock was $24.7 million at December 31, 1998. The authority to repurchase shares remains in effect in 1999.

As of December 31, 1998, debt as a percent of capitalization (total debt and shareholders' equity) was 38%, compared with 26% at December 31, 1997. The increase in the debt ratio since December 1997 was due to the 7% increase in shareholders' equity compared to the 84% increase in total debt (primarily the result of acquisitions as previously discussed).

DIVIDENDS

The Board intends to declare and pay dividends, if any, on Brink's Stock, BAX Stock and Minerals Stock based on the earnings, financial condition, cash flow and business requirements of the Brink's Group, BAX Group and the Minerals Group, respectively. Since the Company remains subject to Virginia law limitations on dividends, losses by one Group could affect the Company's ability to pay dividends in respect of stock relating to the other Group. Dividends on Minerals Stock are also limited by the Available Minerals Dividend Amount as defined in the Company's Articles of Incorporation. The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31, 1998, 1997 and 1996 the Available Minerals Dividend Amount was at least $8.1 million, $15.2 million and $22.1 million, respectively.

Since its distribution of Minerals Stock in 1993 and through March 31, 1998, the Company has paid a cash dividend to its Minerals Stock shareholders at an annual rate of $0.65 per share. In May 1998, the Company reduced the annual dividend rate on Minerals Stock to $0.10 per share for shareholders as of the May 15, 1998 record date.

The Company continues its focus on the financial and capital needs of the Minerals Group companies and, as always, is considering all strategic uses of available cash, including dividend payments, with a view towards maximizing long-term shareholder value.

During 1998 and 1997, the Board declared and the Company paid dividends amounting to $0.10 per share and $0.24 per share of Brink's Stock and BAX Stock, respectively. At present, the annual dividend rate for Brink's Stock is $0.10 per share, for Minerals Stock is $0.10 per share and for BAX Stock is $0.24 per share.

In 1998 and 1997, dividends paid on the Convertible Preferred Stock amounted to $3.5 million and $3.6 million, respectively.

ACCOUNTING CHANGES

The Company adopted Statement of Financing Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the Company implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs

of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. The adoption of SOP No. 98-1 had no material impact on the Company.

The Company implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 17 to the Consolidated Financial Statements.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the Company has elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. In accordance with the transition provisions of SFAS No. 133, the Company recorded a net transition adjustment resulting in a loss of $3.7 million (net of related income taxes of $2.0 million) in accumulated other comprehensive income at October 1, 1998 in order to recognize at fair value all derivatives that are designated as cash-flow hedging instruments.

PENDING ACCOUNTING CHANGES

In April 1998, the AICPA issued SOP No. 98-5, "Reporting on the Costs of Start-Up Activities." SOP No. 98-5, which provides guidance on the reporting of start-up costs and organization costs, requires that such costs be expensed as incurred. This SOP is effective for the Company for the year beginning January 1, 1999. Initial application of the SOP is required to be reported as a cumulative effect of a change in accounting principle as of the beginning of the year of adoption. Due to the complexity of the mining industry, the Company is still in the process of determining how this SOP will impact its results of operations for the period ending March 31, 1999. Current indications are that the implementation of the SOP could negatively impact results of operations up to $6 million.

SUBSEQUENT EVENT

Effective March 15, 1999, under the Company's preferred share purchase program, the Company purchased 0.08 million shares of the Convertible Preferred Stock at $250 per share for a total cost approximating $21 million. The excess of the carrying amount over the cash paid for the repurchase was approximately $19.2 million. In addition, on March 12, 1999, the Board authorized an increase in the remaining authority to repurchase Convertible Preferred Stock by $4.3 million.

As previously discussed, the Available Minerals Dividend Amount is impacted by activity that affects shareholders' equity or the fair value of net assets of the Minerals Group. The purchase amount noted above reduces the Available Minerals Dividend Amount as currently calculated. Accordingly, the purchase of the Convertible Preferred Stock plus recent financial performance of the Minerals Group is expected to significantly reduce or eliminate the ability to pay dividends on the Minerals Group Common Stock.

FORWARD LOOKING INFORMATION

Certain of the matters discussed herein, including statements regarding the ability to slow cost increases in the home security business, severance benefits, costs of long-term benefit obligations, effective tax rates, the continuation of information technology initiatives, projections about market risk, the economies of Latin America and Asia/Pacific, projected capital spending, environmental clean-up estimates, metallurgical market conditions, Health Benefit Act expenses, the impact of SOP 98-5 on results of operations, coal sales and the readiness for Year 2000 and the conversion to the Euro, involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Company, include, but are not limited to, overall economic and business conditions, the demand for the Company's products and services, pricing and other competitive factors in the industry, geological conditions, new government regulations and/or legislative initiatives, variations in costs or expenses, variations in the spot prices of coal, the ability of counterparties to perform, changes in the scope of improvements to information systems and Year 2000 and/or Euro initiatives, delays or problems in the implementation of Year 2000 and/or Euro initiatives by the Company and/or any public or private sector suppliers and service providers and customers, and delays or problems in the design and implementation of improvements to information systems.

The Pittston Company and Subsidiaries
STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The Pittston Company (the "Company") is responsible for preparing the accompanying consolidated financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles. Management has also prepared the other information in the annual report and is responsible for its accuracy.

In meeting our responsibility for the integrity of the consolidated financial statements, we maintain a system of internal controls designed to provide reasonable assurance that assets are safe-guarded, that transactions are executed in accordance with management's authorization and that the accounting records provide a reliable basis for the preparation of the financial statements. Qualified personnel throughout the organization maintain and monitor these internal controls on an ongoing basis. In addition, the Company maintains an internal audit department that systematically reviews and reports on the adequacy and effectiveness of the controls, with management follow-up as appropriate.

Management has also established a formal Business Code of Ethics which is distributed throughout the Company. We acknowledge our responsibility to establish and preserve an environment in which all employees properly understand the fundamental importance of high ethical standards in the conduct of our business.

The Company's consolidated financial statements have been audited by KPMG LLP, independent auditors. During the audit they review and make appropriate tests of accounting records and internal controls to the extent they consider necessary to express an opinion on the Company's consolidated financial statements.

The Company's Board of Directors pursues its oversight role with respect to the Company's consolidated financial statements through the Audit and Ethics Committee, which is composed solely of outside directors. The Committee meets periodically with the independent auditors, internal auditors and management to review the Company's control system and to ensure compliance with applicable laws and the Company's Business Code of Ethics.

We believe that the policies and procedures described above are appropriate and effective and do enable us to meet our responsibility for the integrity of the Company's consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying consolidated balance sheets of The Pittston Company and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Pittston Company and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

As more fully discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for costs of computer software developed for internal use and derivative instruments and hedging activities in 1998 and impairment of long-lived assets in 1996.

KPMG LLP

KPMG LLP
Richmond, Virginia

January 27, 1999, except as to Note 22, which is as of March 15, 1999

The Pittston Company and Subsidiaries
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share amounts)	December 31 1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 83,894	69,878
Short-term investments	1,767	2,227
Accounts receivable:		
Trade (Note 3)	599,550	520,817
Other	38,916	32,485
	638,466	553,302
Less estimated uncollectible amounts	32,122	21,985
	606,344	531,317
Coal inventory	24,567	31,644
Other inventory	18,203	8,530
	42,770	40,174
Prepaid expenses and other current assets	33,374	32,767
Deferred income taxes (Note 6)	52,494	50,442
Total current assets	820,643	726,805
Property, plant and equipment, at cost (Notes 1 and 4)	1,423,133	1,167,300
Less accumulated depreciation, depletion and amortization	573,250	519,658
	849,883	647,642
Intangibles, net of accumulated amortization (Notes 1, 5 and 11)	345,600	301,395
Deferred pension assets (Note 14)	119,500	123,138
Deferred income taxes (Note 6)	63,489	47,826
Other assets	132,022	149,138
Total assets	$2,331,137	1,995,944
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings (Note 7)	$ 88,283	40,144
Current maturities of long-term debt (Note 7)	36,509	11,299
Accounts payable	284,341	281,411
Accrued liabilities:		
Taxes	69,921	45,785
Workers' compensation and other claims	33,140	32,048
Payroll and vacation	78,919	62,029
Miscellaneous (Note 14)	206,320	170,957
	388,300	310,819
Total current liabilities	797,433	643,673
Long-term debt, less current maturities (Note 7)	323,308	191,812
Postretirement benefits other than pensions (Note 14)	239,550	231,451
Workers' compensation and other claims	93,324	106,378
Deferred income taxes (Note 6)	20,615	17,157
Other liabilities	120,879	119,855
Commitments and contingent liabilities (Notes 7, 12, 13, 14, 18 and 19)		
Shareholders' equity (Notes 9 and 10):		
Preferred stock, par value $10 per share, Authorized: 2,000,000 shares $31.25 Series C Cumulative Convertible Preferred Stock,		
Issued: 1998 - 113,490 shares; 1997 - 113,845 shares	1,134	1,138
Pittston Brink's Group common stock, par value $1 per share:		
Authorized: 100,000,000 shares		
Issued: 1998 - 40,961,415 shares; 1997 - 41,129,679 shares	40,961	41,130
Pittston BAX Group common stock, par value $1 per share:		
Authorized: 50,000,000 shares		
Issued: 1998 - 20,824,910 shares; 1997 - 20,378,000 shares	20,825	20,378
Pittston Minerals Group common stock, par value $1 per share:		
Authorized: 20,000,000 shares		
Issued: 1998 - 9,186,434 shares; 1997 - 8,405,908 shares	9,186	8,406
Capital in excess of par value	403,148	430,970
Retained earnings	401,186	359,940
Accumulated other comprehensive income	(51,865)	(41,762)
Employee benefits trust, at market value (Note 10)	(88,547)	(134,582)
Total shareholders' equity	736,028	685,618
Total liabilities and shareholders' equity	$2,331,137	1,995,944

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1998	1997	1996
Net sales	$ 518,635	630,626	696,513
Operating revenues	3,228,247	2,763,772	2,394,682
Net sales and operating revenues	3,746,882	3,394,398	3,091,195
Costs and expenses:			
Cost of sales	513,794	609,025	707,497
Operating expenses	2,675,537	2,270,341	1,989,149
Selling, general and administrative expenses (including a $15,723 write-off of long-lived assets in 1998)	454,993	344,008	292,718
Restructuring and other credits, including litigation accrual (Notes 15 and 18)	(1,479)	(3,104)	(47,299)
Total costs and expenses	3,642,845	3,220,270	2,942,065
Other operating income, net (Note 16)	21,106	14,000	17,377
Operating profit	125,143	188,128	166,507
Interest income	5,359	4,394	3,487
Interest expense	(39,103)	(27,119)	(14,074)
Other income (expense), net	3,811	(7,148)	(9,224)
Income before income taxes	95,210	158,255	146,696
Provision for income taxes (Note 6)	29,154	48,057	42,542
Net income	66,056	110,198	104,154
Preferred stock dividends, net (Notes 8 and 10)	(3,524)	(3,481)	(1,675)
Net income attributed to common shares	$ 62,532	106,717	102,479
Pittston Brink's Group (Note 1):			
Net income	$ 79,104	73,622	59,695
Net income per common share (Note 8):			
Basic	$ 2.04	1.92	1.56
Diluted	2.02	1.90	1.54
Weighted average common shares outstanding (Note 8):			
Basic	38,713	38,273	38,200
Diluted	39,155	38,791	38,682
Pittston BAX Group (Note 1):			
Net income (loss)	$ (13,091)	32,348	33,801
Net income (loss) per common share (Note 8):			
Basic	$ (0.68)	1.66	1.76
Diluted	(0.68)	1.62	1.72
Weighted average common shares outstanding (Note 8):			
Basic	19,333	19,448	19,223
Diluted	19,333	19,993	19,681
Pittston Minerals Group (Note 1):			
Net income (loss) attributed to common shares	$ (3,481)	747	8,983
Net income (loss) per common share (Note 8):			
Basic	$ (0.42)	0.09	1.14
Diluted	(0.42)	0.09	1.08
Weighted average common shares outstanding (Note 8):			
Basic	8,324	8,076	7,897
Diluted	8,324	8,102	9,884

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except per share data)	Years Ended December 31 1998	1997	1996
SERIES C PREFERRED STOCK, $31.25 PER SHARE (NOTE 10)			
Balance, beginning of year	$ 1,138	1,154	1,362
Retirement of stock under share repurchase program (Note 10)	(4)	(16)	(208)
Balance, end of year	1,134	1,138	1,154
BRINK'S GROUP COMMON STOCK			
Balance, beginning of year	41,130	41,296	41,574
Retirement of stock under share repurchase program (Note 10)	(150)	(166)	(278)
Other	(19)	--	--
Balance, at end of year	40,961	41,130	41,296
BAX GROUP COMMON STOCK			
Balance, beginning of year	20,378	20,711	20,787
Retirement of stock under share repurchase program (Note 10)	(1,047)	(333)	(76)
Employee benefits trust/other (Note 9)	1,494	--	--
Balance, at end of year	20,825	20,378	20,711
MINERALS GROUP COMMON STOCK			
Balance, beginning of year	8,406	8,406	8,406
Employee benefits trust/other (Note 9)	780	--	--
Balance, at end of year	9,186	8,406	8,406
CAPITAL IN EXCESS OF PAR VALUE			
Balance, beginning of year	430,970	400,135	401,633
Tax benefit of stock options exercised (Note 6)	4,766	2,045	1,734
Cost of Brink's Stock Proposal (Note 9)	--	--	(2,475)
Remeasurement of employee benefits trust	(25,993)	42,118	20,481
Employee benefits trust (Note 9)	12,781	--	--
Shares released from employee benefits trust (Notes 9 and 10)	(13,675)	(7,522)	(7,659)
Retirement of stock under share repurchase programs (Note 10)	(7,024)	(5,806)	(13,579)
Other	1,323	--	--
Balance, at end of year	403,148	430,970	400,135
RETAINED EARNINGS			
Balance, beginning of year	359,940	273,118	188,728
Net income	66,056	110,198	104,154
Retirement of stock under share repurchase programs (Note 10)	(10,212)	(6,052)	(2,096)
Cash dividends declared- Brink's Group $.10 per share, BAX Group $.24 per share, Minerals Group $.2375 per share and Series C Preferred Stock $31.25 per share (Note 10)	(14,032)	(17,324)	(17,668)
Other	(566)	--	--
Balance, at end of year	401,186	359,940	273,118
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Balance, beginning of year	(41,762)	(21,188)	(20,705)
Foreign currency translation adjustment	(7,125)	(20,574)	(483)
Cash flow hedges	(3,309)	--	--
Other	331	--	--
Balance, at end of year	(51,865)	(41,762)	(21,188)
EMPLOYEE BENEFITS TRUST			
Balance, beginning of year	(134,582)	(116,925)	(119,806)
Remeasurement of employee benefits trust	25,993	(42,118)	(20,481)
Employee benefits trust (Note 9)	(15,081)	--	--
Shares released from employee benefits trust (Notes 9 and 10)	35,123	24,461	23,362
Balance, at end of year	(88,547)	(134,582)	(116,925)
Total shareholders' equity - end of year	$736,028	685,618	606,707
COMPREHENSIVE INCOME			
Net income attributed to common shares	$62,532	106,717	102,479
Other comprehensive income, net of tax:			
Foreign currency translation adjustments, net of tax effect of $787, ($785) and $365	(7,125)	(20,574)	(483)
Cash flow hedges:			
Transition adjustment, net of tax effect of $1,960	(3,663)	--	--
Net cash flow hedge losses, net of tax effect of $501	(710)	--	--
Reclassification adjustment, net of tax effect of ($617)	1,064	--	--
Other, net of tax effect of ($189)	331	--	--
Comprehensive income	$52,429	86,143	101,996

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31 1998	1997	1996
Cash flows from operating activities:			
Net income	$ 66,056	110,198	104,154
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash charges and other write-offs	20,124	--	29,948
Depreciation, depletion and amortization	154,353	128,751	114,618
Provision for aircraft heavy maintenance	39,821	34,057	32,057
(Credit) provision for deferred income taxes	(6,165)	10,611	19,320
Provision for pensions, noncurrent	4,022	243	935
Provision for uncollectible accounts receivable	21,426	10,664	7,687
Equity in (earnings) losses of unconsolidated affiliates, net of dividends received	(880)	2,927	(2,183)
Minority interest expense	1,742	5,467	3,896
Gains on sales of property, plant and equipment and other assets and investments	(9,809)	(2,432)	(2,835)
Other operating, net	13,262	8,646	6,105
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	(29,690)	(39,697)	(53,885)
(Increase) decrease in inventories	(871)	(2,963)	9,271
Decrease (increase) in prepaid expenses	2,225	325	(1,869)
(Decrease) increase in accounts payable and accrued liabilities	(26,906)	32,562	382
Increase in other assets	(7,058)	(11,084)	(7,907)
Decrease in workers' compensation and other claims, noncurrent	(10,886)	(11,109)	(9,002)
Increase (decrease) in other liabilities	11,122	(5,859)	(53,522)
Other, net	(10,080)	(3,198)	(499)
Net cash provided by operating activities	231,808	268,109	196,671
Cash flows from investing activities:			
Additions to property, plant and equipment	(256,567)	(173,768)	(180,651)
Proceeds from disposal of property, plant and equipment	30,489	4,064	11,310
Aircraft heavy maintenance expenditures	(40,466)	(29,748)	(23,373)
Acquisitions, net of cash acquired, and related contingency payments	(34,521)	(65,494)	(4,078)
Dispositions of other assets and investments	8,482	--	--
Other, net	(8,397)	7,589	5,181
Net cash used by investing activities	(300,980)	(257,357)	(191,611)
Cash flows from financing activities:			
Additions to debt	218,403	158,021	28,642
Reductions of debt	(110,474)	(116,030)	(14,642)
Repurchase of stock of the Company	(19,437)	(12,373)	(16,237)
Proceeds from exercise of stock options and employee stock purchase plan	8,098	4,708	5,487
Dividends paid	(13,402)	(16,417)	(17,441)
Cost of stock proposal	--	--	(2,475)
Net cash provided (used) by financing activities	83,188	17,909	(16,666)
Net increase (decrease) in cash and cash equivalents	14,016	28,661	(11,606)
Cash and cash equivalents at beginning of year	69,878	41,217	52,823
Cash and cash equivalents at end of year	$ 83,894	69,878	41,217

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

As used herein, the "Company" includes The Pittston Company except as otherwise indicated by the context. The Company is comprised of three separate groups - Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group. The Pittston Brink's Group consists of Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of the Company. The Pittston BAX Group consists of the BAX Global Inc. ("BAX Global") operations of the Company. The Pittston Minerals Group consists of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company. The Company prepares separate financial information including separate financial statements for the Brink's, BAX and Minerals Groups in addition to consolidated financial information of the Company.

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements reflect the accounts of the Company and its majority-owned subsidiaries. The Company's interest in 20% to 50% owned companies are carried on the equity method unless control exists, in which case, consolidation accounting is used. All material intercompany items and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits and investments with original maturities of three months or less.

SHORT-TERM INVESTMENTS

Short-term investments are those with original maturities in excess of three months, but not exceeding one year, and are carried at cost which approximates market.

INVENTORIES

Inventories are stated at cost (determined under the first-in, first-out or average cost method) or market, whichever is lower.

PROPERTY, PLANT AND EQUIPMENT

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight-line method at varying rates depending upon estimated useful lives. Depletion of bituminous coal lands is provided on the basis of tonnage mined in relation to the estimated total of recoverable tonnage in the ground.

Mine development costs, primarily included in bituminous coal lands, are capitalized and amortized over the estimated useful life of the mine. These costs include expenses incurred for site preparation and development as well as operating deficits incurred at the mines during a development stage. A mine is considered under development until all planned production units have been placed in operation.

Valuation of coal properties is based primarily on mining plans and conditions assumed at the time of the evaluation. These valuations could be impacted by actual economic conditions which differ from those assumed at the time of the evaluation.

Subscriber installation costs for home security systems provided by BHS are capitalized and depreciated over the estimated life of the assets and are included in machinery and equipment. The security system that is installed remains the property of BHS and is capitalized at the cost to bring the revenue producing asset to its intended use. When an installation is identified for disconnection, the remaining net book value of the installation is fully reserved and charged to depreciation expense.

INTANGIBLES

The excess of cost over fair value of net assets of businesses acquired is amortized on a straight-line basis over the estimated periods benefited.

The Company evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of asset value or useful lives. The Company annually assesses the recoverability of the excess of cost over net assets acquired by determining whether the amortization of the asset balance over its remaining life can be recovered through projected undiscounted future operating cash flows. Evaluation of asset value as well as periods of amortization are performed on a disaggregated basis.

Goodwill allocated to a potentially impaired asset will be identified with that asset in performing an impairment test in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121. If such tests indicate that an impairment exists, the carrying amount of the identified goodwill would be

eliminated before making any reduction of the carrying amounts of impaired long-lived assets.

COAL SUPPLY CONTRACTS

Coal supply contracts consist of contracts to supply coal to customers at certain negotiated prices over a period of time, which have been acquired from other coal companies, and are stated at cost at the time of acquisition, which approximates fair market value. The capitalized cost of such contracts is amortized over the term of the contract on the basis of tons of coal sold under the contract.

STOCK BASED COMPENSATION

The Company has implemented the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation" (Note 9). The Company continues to measure compensation expense for its stock-based compensation plans using the intrinsic value based methods of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of foreign subsidiaries have been translated at rates of exchange at the balance sheet date and related revenues and expenses have been translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments have been recorded as a separate component of shareholders' equity. Translation adjustments relating to subsidiaries in countries with highly inflationary economies are included in net income, along with all transaction gains and losses for the period.

A portion of the Company's financial results is derived from activities in a number of foreign countries in Europe, Asia and Latin America, each with a local currency other than the US dollar. Because the financial results of the Company are reported in US dollars, they are affected by changes in the value of various foreign currencies in relation to the US dollar. The diversity of foreign operations helps to mitigate a portion of the foreign currency risks associated with market fluctuations in any one country and the impact on translated results.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Postretirement benefits other than pensions are accounted for in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

INCOME TAXES

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse.

PNEUMOCONIOSIS (BLACK LUNG) EXPENSE

The Company acts as self-insurer with respect to almost all black lung benefits. Provision is made for estimated benefits based on annual actuarial reports prepared by outside actuaries. The excess of the present value of expected future benefits over the accumulated book reserves is recognized over the amortization period as a level percentage of payroll. Cumulative actuarial gains or losses are calculated periodically and amortized on a straight-line basis. Assumptions used in the calculation of the actuarial present value of black lung benefits are based on actual retirement experience of the Company's coal employees, black lung claims incidence for active miners, actual dependent information, industry turnover rates, actual medical and legal cost experience and projected inflation rates. As of December 31, 1998 and 1997, the actuarially determined value of estimated future black lung benefits discounted at 6% was approximately $51,000 and $55,000, respectively, and is included in workers' compensation and other claims in the Company's consolidated balance sheet. Based on actuarial data, the amount credited to operations was $2,257 in 1998, $2,451 in 1997 and $2,216 in 1996. In addition, the Company accrued additional expenses for black lung benefits related to federal and state assessments, legal and administration expenses and other self insurance costs. These costs and expenses amounted to $1,659 in 1998, $1,936 in 1997 and $1,849 in 1996.

RECLAMATION COSTS

Expenditures relating to environmental regulatory requirements and reclamation costs undertaken during mine operations are charged against earnings as incurred. Estimated site restoration and post closure reclamation costs are charged against earnings using the units of production method over the expected economic life of each mine. Accrued reclamation costs are subject to review by management on a regular basis and are revised when appropriate for changes in future estimated costs and/or regulatory requirements.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company follows SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 121 requires a review of assets for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. When such events or changes in circumstances indicate an asset may not be recoverable, the Company estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of such expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized in an amount by which the asset's net book value exceeds its fair

market value. For purposes of assessing impairment, assets are required to be grouped at the lowest level for which there are separately identifiable cash flows.

During the third quarter of 1998, the Company recorded write-offs for software costs included in property, plant and equipment in accordance with SFAS No. 121 of approximately $16,000. These write-offs consisted of the costs associated with certain in-process software development projects that were canceled during the quarter and unamortized costs of existing software applications which were determined by management to have no future service potential or value. It is management's belief at this time that the current ongoing information technology initiatives that originated from the previously mentioned projects are necessary and will be successfully completed and implemented. Such write-offs are included in selling, general and administrative expenses in the Company's results of operations.

In 1996, the Company adopted SFAS No. 121, resulting in a pretax charge to earnings in 1996 for the Company's Coal Operations of $29,948 ($19,466 after-tax), of which $26,312 was included in cost of sales and $3,636 was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advance royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES
All derivative instruments are recognized on the balance sheet at their fair value. On the date the derivative contract is entered into, the Company designates the derivative as (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge), (3) a foreign currency fair value or cash flow hedge ("foreign currency" hedge), or (4) a hedge of a net investment in a foreign operation. The Company does not enter into derivative contracts for the purpose of "trading" such instruments and thus has no derivative designation as "held for trading".

Changes in the fair value of a derivative that is highly effective as and that is designated and qualifies as a fair value hedge, along with the loss or gain on the hedged asset or liability that is attributable to the hedged risk (including losses or gains on firm commitments), are recorded currently in earnings. Changes in the fair value of a derivative that is highly effective as and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income, until the forecasted transaction affects earnings. Changes in the fair value of derivatives that are highly effective as and that are designated and qualify as foreign currency hedges are recorded either currently in earnings or other comprehensive income, depending on whether the hedge transaction is a fair value hedge or a cash flow hedge. If, however, a derivative is used as a hedge of a net investment in a foreign operation, its changes in fair value, to the extent effective as a hedge, are recorded in the cumulative translation adjustments account within equity. Any amounts excluded from the assessment of hedge effectiveness as well as the ineffective portion of the gain or loss is reported in earnings immediately.

Management documents the relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives that are designated as fair value, cash flow, or foreign currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Management also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, hedge accounting is discontinued prospectively, as discussed below.

The Company discontinues hedge accounting prospectively when and if (1) it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including firm commitments or forecasted transactions); (2) the derivative expires or is sold, terminated, or exercised; (3) the derivative is de-designated as a hedge instrument, because it is no longer probable that a forecasted transaction will occur; (4) because a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management determines that designation of the derivative as a hedge instrument is no longer appropriate.

When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair value hedge, the derivative will continue to be carried on the balance sheet at its fair value, changes are reported currently in earnings, and the hedged asset or liability will no longer be adjusted for changes in fair value. When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, the derivative will continue to be carried on the balance sheet at its fair value and changes are reported currently on earnings, and any asset or liability that was recorded pursuant to recognition of the firm commitment will be removed from the balance sheet and recognized as a gain or loss currently in earnings. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the derivative will continue to be carried on the balance sheet at its fair value, changes are reported currently on earnings, and gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. In all other situations in which hedge accounting is discontinued, the derivative will be carried at its fair value on the

balance sheet, with changes in its fair value recognized currently in earnings.

REVENUE RECOGNITION
Brink's--Revenues are recognized when services are performed.

BHS--Monitoring revenues are recognized when earned and amounts paid in advance are deferred and recognized as income over the applicable monitoring period, which is generally one year or less.

BAX Global--Revenues related to transportation services are recognized, together with related transportation costs, on the date shipments physically depart from facilities en route to destination locations. Revenues and operating results determined under existing recognition policies do not materially differ from those which would result from an allocation of revenue between reporting periods based on relative transit times in each reporting period with expenses recognized as incurred.

Coal Operations--Coal sales are generally recognized when coal is loaded onto transportation vehicles for shipment to customers. For domestic sales, this generally occurs when coal is loaded onto railcars at mine locations. For export sales, this generally occurs when coal is loaded onto marine vessels at terminal facilities.

Mineral Ventures--Gold sales are recognized when products are shipped to a refinery. Settlement adjustments arising from final determination of weights and assays are reflected in sales when received.

NET INCOME PER SHARE
Basic and diluted net income per share for the Brink's Group and the BAX Group are computed by dividing net income for each Group by the basic weighted average common shares outstanding and the diluted weighted average common shares outstanding, respectively. Diluted weighted average common shares outstanding includes additional shares assuming the exercise of stock options. However, when the exercise of stock options is antidilutive, they are excluded from the calculation.

Basic net income per share for the Minerals Group is computed by dividing net income attributed to common shares (net income less preferred stock dividends) by the basic weighted average common shares outstanding. Diluted net income per share for the Minerals Group is computed by dividing net income by the diluted weighted average common shares outstanding. Diluted weighted average common shares outstanding includes additional shares assuming the exercise of stock options and the conversion of the Company's $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). However, when the exercise of stock options or the conversion of Convertible Preferred Stock is antidilutive, they are excluded from the calculation. The shares of Brink's Stock, BAX Stock and Minerals Stock held in the Pittston Company Employee Benefits Trust ("the Trust" - See Note 10) are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations.

USE OF ESTIMATES
In accordance with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

ACCOUNTING CHANGES
The Company adopted SFAS No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the Company implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. The adoption of SOP No. 98-1 had no material impact on the Company.

The Company implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 17.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the Company elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. In accordance with the transition provisions of SFAS No. 133, the Company recorded a net transition adjustment resulting in a loss of $3,663 (net of related income taxes of $1,961) in accumulated other comprehensive income at October 1, 1998 in order to recognize at fair value all derivatives that are designated as cash-flow hedging instruments.

2. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

NON-DERIVATIVE FINANCIAL INSTRUMENTS
Non-derivative financial instruments, which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments and trade receivables. The Company places its cash and cash equivalents and short-term investments with high credit quality financial institutions. Also, by policy, the Company limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Company's customer base, and their dispersion across many different industries and geographic areas. Credit limits, ongoing credit evaluation and account-monitoring procedures are utilized to minimize the risk of loss from nonperformance on trade receivables.

The following details the fair values of non-derivative financial instruments for which it is practicable to estimate the value:

Cash and cash equivalents and short-term investments
The carrying amounts approximate fair value because of the short maturity of these instruments.

Accounts receivable, accounts payable and accrued liabilities
The carrying amounts approximate fair value because of the short-term nature of these instruments.

Debt
The aggregate fair value of the Company's long-term debt obligations, which is based upon quoted market prices and rates currently available to the Company for debt with similar terms and maturities, approximates the carrying amount.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES
The Company has activities in a number of foreign countries in Europe, Asia, and Latin America, which expose it to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates, and commodity prices. These financial exposures are monitored and managed by the Company as an integral part of its overall risk management program. The diversity of foreign operations helps to mitigate a portion of the foreign currency risks associated with market fluctuations in any one country and the impact on translated results. The Company's risk management program considers this favorable diversification effect as it measures the Company's exposure to financial markets and as appropriate, seeks to reduce the potentially adverse effects that the volatility of certain markets may have on its operating results.

The Company utilizes various derivative and non-derivative hedging instruments, as discussed below, to hedge its foreign currency, interest rate, and commodity exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. Management does not expect any losses due to such counterparty default.

The Company assesses interest rate, foreign currency, and commodity risks by continually identifying and monitoring changes in interest rate, foreign currency and commodity exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Company maintains risk management control systems to monitor these risks attributable to both the Company's outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates, foreign currency rates and commodity prices on the Company's future cash flows. The Company does not use derivative instruments for purposes other than hedging.

As of October 1, 1998 the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 which establishes accounting and reporting standards for derivative instruments and hedging activities, requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction.

Prior to the adoption of SFAS No. 133 (prior to October 1, 1998), gains and losses on derivative contracts, designated as effective hedges, were deferred and recognized as part of the transaction hedged. Since they were accounted for as hedges, the fair value of these contracts were not recognized in the Company's financial statements. Gains and losses resulting from the early termination of such contracts were deferred and amortized as an adjustment to the specific item being hedged over the remaining period originally covered by the terminated contracts. In addition, if the underlying items being hedged were retired prior to maturity, the unamortized gain or loss resulting from the early termination of the related interest rate swap would be included in the gain or loss on the extinguishment of the obligation.

Cash-flow hedges

Interest Rate Risk Management

The Company uses variable-rate debt to finance its operations. In particular, it has variable-rate long-term debt under the $350 million credit facility (the "Facility" See Note 7). This debt obligation exposes the Company to variability in interest expense due to changes in interest rates. If interest rates increase, interest expense increases. Conversely, if interest rates decrease, interest expense also decreases. Management believes it is prudent to limit the variability of a portion of its interest expense. The Company attempts to maintain a reasonable balance between fixed and floating rate debt and uses interest rate swaps to accomplish this objective. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

To meet this objective, the Company enters into interest rate swaps to manage fluctuations in interest expense resulting from interest rate risk. The Company has entered into interest rate swaps with a total notional value of $60,000. These swaps change the variable-rate cash flows on a portion of its $100,000 term-loan, which is part of the Facility, to fixed-rate cash flows by entering into interest rate swaps which involve the exchange of floating interest payments for fixed interest payments.

Changes in the fair value, to the extent effective, of interest rate swaps designated as hedging instruments of the variability of cash flows associated with floating-rate, long-term debt obligations are reported in accumulated other comprehensive income. These amounts are subsequently reclassified into interest expense as a yield adjustment in the same period in which the interest on the floating-rate debt obligations affects earnings. During the year ending December 31, 1999, losses of approximately $460 (pre-tax) related to the interest rate swaps are expected to be reclassified from accumulated other comprehensive income into interest expense as a yield adjustment of the hedged debt obligation.

Of the three swaps outstanding at December 31, 1998, the first fixes the interest rate at 5.80% on $20,000 in face amount of debt and matures in May 2000, the second and third fix the interest rate at 5.84% and 5.86%, respectively each on $20,000 in face amount of debt and mature in May 2001.

Foreign Currency Risk Management
The Company utilizes foreign currency forward contracts to minimize the variability in cash flows due to foreign currency risks associated with foreign operations. These items are denominated in various foreign currencies, including the Australian dollar. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

Mineral Ventures has a subsidiary which is exposed to currency risk arising from gold sales denominated in US dollars and local Australian costs denominated in Australian dollars. Mineral Ventures utilizes foreign currency forward contracts to hedge the variability in cash flows resulting from these exposures for up to two years into the future. All other currency contracts outstanding during the period were immaterial to the results of the Company.

The foreign currency forward contracts' effectiveness is assessed based on the forward rate of the contract. No material amounts related to hedge ineffectiveness were recognized in earnings during the period. Changes in the fair value of Australian dollar foreign currency forward contracts designated and qualifying as cash flow hedges of forecasted US dollar sales of gold are reported in accumulated other comprehensive income. The gains and losses are reclassified into earnings, as a component of revenue, in the same period as the forecasted transaction affects earnings.

During the year ending December 31, 1999, losses of approximately $1,000 (pre-tax) related to Australian dollar foreign currency forward contracts are expected to be reclassified from accumulated other comprehensive income into revenue. As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with foreign currency forecasted transactions is eighteen months.

All other currency contracts outstanding during the period were immaterial to the results of the Company.

Commodities Risk Management
The Company consumes or sells various commodities in the normal course of its business and utilizes derivative instruments to minimize the variability in forecasted cash flows due to adverse price movements in these commodities. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

The Company utilizes forward swap contracts for the purchase of jet fuel to fix a portion of forecasted jet fuel costs at specific price levels. Under the swap contracts the Company receives (pays) the difference between the contract rate and the higher (lower) average market rate over the related contract period. The Company also periodically utilizes option strategies to hedge a portion of the remaining forecasted risk associated with changes in the price of jet fuel. The option contracts, which involve either purchasing call options and simultaneously selling put options (collar strategy) or purchasing call options, are designed to provide protection against sharp increases in the price of jet fuel. For purchased call options the Company pays a premium up front and receives an amount over the contract period equal to the difference by which the average market price during the period exceeds the option strike price. For collar strategies, the premiums on the purchased option and sold option net to zero. The Company receives an amount equal to the difference by which the average market price of jet fuel during the period exceeds the call option's strike price and pays an amount equal to the difference by which the average market price during the period is below the put option's strike price of jet fuel. At December 31, 1998, the outstanding notional amount of forward swap hedge contracts for jet fuel totaled 16.0 million gallons.

The Company utilizes a combination of forward gold sales contracts and currency contracts to fix in Australian dollars the selling price on a certain portion of its forecasted gold sales from the Stawell gold mine. At December 31, 1998, 41,000 ounces of gold, representing approximately 20% of the Company's share of Stawell's proven and probable reserves, were sold forward under forward gold contracts. The Company also sells call options on gold periodically and receives a premium which enhances the selling price of unhedged gold sales, the fair value of which is recognized immediately into earnings as the contracts do not qualify for special hedge accounting under SFAS No. 133.

The Company utilizes forward swap contracts for diesel fuel to fix a portion of the Company's forecasted diesel fuel costs at specific price levels. The Company also periodically utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of diesel fuel. The option contracts, which involve purchasing call options, are designed to provide protection against sharp increases in the price of diesel fuel. For purchased options, the Company pays a premium up front and receives an amount over the contract period equal to the difference by which the average market price of diesel fuel during the period exceeds the option strike price. At December 31, 1998, the outstanding notional amount of forward purchase contracts for diesel fuel totaled approximately 3.2 million gallons.

No material amounts related to hedge ineffectiveness were recognized in earnings during the period for the jet fuel and diesel fuel swap contracts, the jet fuel collar strategy option contracts and forward gold contracts. Changes in fair value related to the difference between changes in the spot and forward gold contract rates were not material.

Changes in the fair value of the commodity contracts designated and qualifying as cash flow hedges of forecasted commodity purchases and sales are reported in accumulated other comprehensive income. For jet fuel and diesel fuel, the gains and losses are reclassified into earnings, as a component of costs of sales, in the same period as the commodity purchased affects earnings. For gold contracts, the gains and losses are reclassified into earnings, as a component of revenue, in the same period as the gold sale affects earnings. During the year ending December 31, 1999, losses of approximately $2,100 (pre-tax) and $150 (pre-tax) related to jet fuel purchase contracts and diesel fuel purchase contracts, respectively, are expected to be reclassified from accumulated other comprehensive income into cost of sales. During the year ending December 31, 1999, losses of approximately $100 (pre-tax) related to gold sales contracts are expected to be reclassified from accumulated other comprehensive income into revenue.

As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with jet fuel and diesel fuel purchases is six months. As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with gold sales is two years.

All other commodity contracts outstanding during the period were immaterial to the results of the Company.

Hedges of Net Investments in Foreign Operations

The Company holds investments in a number of foreign subsidiaries, and the net assets of these subsidiaries are exposed to foreign exchange rate volatility. The Company uses non-derivative financial instruments to hedge this exposure.

Currency exposure related to the net assets of the Brink's subsidiary in France are managed in part through a foreign currency denominated debt agreement (seller financing) entered into as part of the acquisition by the Company. Gains and losses in the net investment in subsidiaries are offset by losses and gains in the debt obligations.

For the year ended December 31, 1998, approximately $2,800 of net losses related to the foreign currency denominated debt agreements were included in the cumulative foreign currency translation adjustment in the balance sheet.

All other hedges of net investments in foreign operations during the period were immaterial to the results of the Company.

3. ACCOUNTS RECEIVABLE--TRADE

For each of the years in the three-year period ended December 31, 1998, the Company maintained agreements with financial institutions whereby it had the right to sell certain coal receivables to those institutions. Certain agreements contained provisions for sales with recourse. In 1998 and 1997, total coal receivables of $38,373 and $23,844, respectively, were sold under such agreements. As of December 31, 1998 and 1997, receivables sold which remained to be collected totaled $29,734 and $23,844, respectively.

As a result of changes in certain recourse provisions during 1998, as of December 31, 1998, these transactions were accounted for as transfers of the receivables, resulting in the uncollected receivables balances remaining on the balance sheet with a corresponding short-term obligation of $29,734 recognized. The fair value of this short-term obligation approximates the carrying value. During 1997, these transactions were accounted for as sales of receivables, resulting in the removal of the receivables from the balance sheet.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consists of the following:

	As of December 31 1998	1997
Bituminous coal lands	$ 100,968	107,212
Land, other than coal lands	44,923	37,908
Buildings	221,640	159,726
Machinery and equipment	1,055,602	862,454
Total	$ 1,423,133	1,167,300

The estimated useful lives for property, plant and equipment are as follows:

[CAPTION]

	Years
Buildings	10 to 40
Machinery and equipment	2 to 30

Depreciation and depletion of property, plant and equipment aggregated $130,932 in 1998, $106,584 in 1997 and $92,805 in 1996.

Capitalized mine development costs totaled $7,093 in 1998, $9,756 in 1997 and $8,144 in 1996.

Changes in capitalized subscriber installation costs for home security systems included in machinery and equipment were as follows:

	Years Ended December 31 1998	1997	1996
Capitalized subscriber installation costs-- beginning of year	$172,792	134,850	105,336
Capitalized cost of security system installations	77,460	64,993	57,194
Depreciation, including amounts recognized to fully depreciate capitalized costs for installations disconnected during the year	(32,657)	(27,051)	(27,680)
Capitalized subscriber installation costs-- end of year	$217,595	172,792	134,850

Based on demonstrated retention of customers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscribers' installation costs. This change more accurately matches depreciation expense with monthly recurring revenue generated from customers. This change in accounting estimate reduced depreciation expense for capitalized installation costs in 1997 for the Brink's Group and the BHS segment by $8,915. The effect of this change increased net income of the Brink's Group in 1997 by $5,794 ($0.15 per share of Brink's Stock).

New subscribers were approximately 113,500 in 1998, 105,600 in 1997 and 98,500 in 1996.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security system installations. This change in accounting principle is preferable because it more accurately reflects subscriber installation costs. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel (in the amount of $2,949 in 1998, $2,600 in 1997 and $2,517 in 1996) and costs incurred for maintaining facilities and vehicles dedicated to the installation process (in the amount of $3,165 in 1998, $2,343 in 1997 and $2,022 in 1996). The effect of this change in accounting principle was to increase operating

profit of the Brink's Group in 1998, 1997 and 1996 by $6,114, $4,943 and $4,539, respectively, and net income of the Brink's Group in 1998, 1997 and 1996 by $3,852, $3,213 and $2,723, respectively, or by $0.10 per basic and diluted share in 1998, $0.08 per basic and diluted common share in 1997 and $0.07 per basic and diluted common share in 1996. Prior to January 1, 1992, the records needed to identify such costs were not available. Thus, it was impossible to accurately calculate the effect on retained earnings as of January 1, 1992. However, the Company believes the effect on retained earnings as of January 1, 1992, was immaterial.

Because capitalized subscriber installation costs for prior periods were not adjusted for the change in accounting principle, installation costs for subscribers in those years will continue to be depreciated based on the lesser amounts capitalized in prior periods. Consequently, depreciation of capitalized subscriber installation costs in the current year and until such capitalized costs prior to January 1, 1992 are fully depreciated will be less than if such prior periods' capitalized costs had been adjusted for the change in accounting. However, the Company believes the effect on net income in 1998, 1997 and 1996 was immaterial.

5. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $118,656 and $106,174 at December 31, 1998 and 1997, respectively. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $12,119 in 1998, $10,518 in 1997 and $10,560 in 1996.

In the first quarter of 1998, the Company purchased 62% (representing nearly all the remaining shares) of its Brink's affiliate in France ("Brink's S.A.") for payments aggregating US $39,000 over three years and the assumption of estimated liabilities of US $125,700. Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition of the remaining 62% interest resulted in goodwill of approximately $35,000. See Note 11.

In 1997, the Company acquired the remaining 35% interest in Brink's subsidiary in the Netherlands ("Nedlloyd") for approximately $2,000 with additional contingent payments aggregating $1,100 based on certain performance criteria of Brink's-Nedlloyd, of which approximately $800 was paid in 1998 with the remainder to be paid in 1999. The original 65% acquisition in the Nedlloyd partnership resulted in goodwill of approximately $13,200. The acquisition of the remaining 35% interest resulted in a credit to goodwill of approximately $6,600 as the remaining interest was purchased for less than the book value.

6. INCOME TAXES

The provision (credit) for income taxes consists of the following:

	US Federal	Foreign	State	Total
1998:				
Current	$ 11,194	20,625	3,500	35,319
Deferred	2,088	(8,278)	25	(6,165)
Total	$ 13,282	12,347	3,525	29,154
1997:				
Current	$ 18,707	14,390	4,349	37,446
Deferred	13,506	(3,172)	277	10,611
Total	$ 32,213	11,218	4,626	48,057
1996:				
Current	$ 7,721	11,201	4,300	23,222
Deferred	22,878	(3,731)	173	19,320
Total	$ 30,599	7,470	4,473	42,542

The significant components of the deferred tax expense (benefit) were as follows:

	Years Ended December 31 1998	1997	1996
Deferred tax expense, exclusive of the components listed below	$ 7,681	6,950	19,171
Net operating loss carryforwards	(6,651)	(4,345)	(5,065)
Alternative minimum tax credits	(7,626)	7,613	4,200

Change in the valuation allowance for deferred tax assets	431	393	1,014
Total	$(6,165)	10,611	19,320

The tax benefit for compensation expense related to the exercise of certain employee stock options for tax purposes in excess of compensation expense for financial reporting purposes is recognized as an adjustment to shareholders' equity.

The components of the net deferred tax asset as of December 31, 1998 and December 31, 1997 were as follows:

	1998	1997
Deferred tax assets:		
Accounts receivable	$ 13,314	6,448
Postretirement benefits other than pensions	104,322	101,617
Workers' compensation and other claims	43,033	50,139
Other liabilities and reserves	76,909	81,084
Miscellaneous	8,288	16,062
Net operating loss carryforwards	27,664	21,013
Alternative minimum tax credits	33,153	23,631
Valuation allowance	(10,284)	(9,853)
Total deferred tax assets	296,399	290,141
Deferred tax liabilities:		
Property, plant and equipment	66,307	59,787
Pension assets	44,077	49,431
Other assets	14,690	15,538
Investments in foreign affiliates	11,382	9,331
Miscellaneous	64,575	74,943
Total deferred tax liabilities	201,031	209,030
Net deferred tax asset	$ 95,368	81,111

The valuation allowance relates to deferred tax assets in certain foreign and state jurisdictions.

Based on the Company's historical and expected future taxable earnings, management believes it is more likely than not that the Company will realize the benefit of the existing deferred tax asset at December 31, 1998.

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory US federal income tax rate of 35% in 1998, 1997 and 1996 to the income before income taxes.

	Years Ended December 31		
	1998	1997	1996
Income before income taxes:			
United States	$ 47,976	110,070	101,463
Foreign	47,234	48,185	45,233
Total	$ 95,210	158,255	146,696
Tax provision computed at statutory rate	$ 33,323	55,389	51,344
Increases (reductions) in taxes due to:			
Percentage depletion	(6,869)	(7,407)	(7,644)
State income taxes (net of federal tax benefit)	1,861	2,614	1,894
Goodwill amortization	2,369	2,289	2,404
Difference between total taxes on foreign income and the US federal statutory rate	(1,084)	(4,642)	(6,384)
Change in the valuation allowance for deferred tax assets	431	393	1,014
Miscellaneous	(877)	(579)	(86)
Actual tax provision	$ 29,154	48,057	42,542

It is the policy of the Company to accrue deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries and affiliates which are expected to reverse in the foreseeable future. As of December 31, 1998 and December 31, 1997 the unrecognized deferred tax liability for temporary differences of approximately $61,040 and $29,986, respectively, related to investments in foreign subsidiaries and affiliates that are essentially permanent in nature and not expected to reverse in the foreseeable future was approximately $21,364 and $10,495, respectively.

The Company and its domestic subsidiaries file a consolidated US federal income tax return.

As of December 31, 1998, the Company had $33,153 of alternative minimum tax credits available to offset future US federal income taxes and, under current tax law, the carryforward period for such credits is unlimited.

The tax benefit of net operating loss carryforwards as of December 31, 1998 was $27,664 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

7. LONG-TERM DEBT

Total long-term debt consists of the following:

	As of December 31 1998	1997
Senior obligations:		
US dollar term loan due 2001 (year-end rate 5.68% in 1998 and 6.24% in 1997)	$100,000	100,000
Revolving credit notes due 2001 (year-end rate 5.83% in 1998 and 5.92% in 1997)	91,600	25,900
5% amortizing French franc seller's note maturing in 2001	19,646	--
Venezuelan bolivar term loan due 2000 (year-end rate 50.40% in 1998 and 26.40% in 1997)	18,723	31,072
French franc term notes maturing in 2002 (year-end average rate 5.38% in 1998	12,523	--
Netherlands guilder term loan due 2000 (year-end rate 3.95% in 1998 and 4.29% in 1997)	11,166	10,700
Singapore dollar term loan due 2003 (year-end rate 3.31% in 1998)	10,897	--
All other	27,755	18,859
	292,310	186,531
Obligations under capital leases (average rate 9.14% in 1998 and 10.43% in 1997)	30,998	5,281
Total long-term debt, less current maturities	323,308	191,812
Current maturities of long-term debt:		
Senior obligations	27,123	8,617
Obligations under capital leases	9,386	2,682
Total current maturities of long-term debt	36,509	11,299
Total long-term debt including current maturities	$359,817	203,111

For the four years through December 31, 2003, minimum repayments of long-term debt outstanding are as follows:

2000	$ 60,943
2001	219,324
2002	12,159
2003	15,134

The Company has a $350,000 credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates plus applicable margin. A term loan of $100,000 was outstanding at December 31, 1998 and 1997. Additional borrowings of $91,600 and $25,900 were outstanding at December 31, 1998 and 1997, respectively under the revolving credit portion of the Facility. The Company pays commitment fees (.125% per annum at December 31, 1998) on the unused portions of the Facility.

Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398,000 at December 31, 1998.

The Company has three interest rate swap agreements that effectively convert a portion of the interest on its $100,000 variable rate term loan to fixed rates (See Note 2).

In 1998, the Company purchased 62% (representing substantially all the remaining shares) of its Brink's affiliate in France. As part of the acquisition, the Company assumed a note to the seller denominated in French francs of approximately the equivalent of US $27,500 payable in annual installments plus interest through 2001. In addition, the Company assumed previously existing debt approximating US $49,000, which included borrowings of US $19,000 and capital leases of US $30,000. At December 31, 1998, the long-term portion of the note to the seller was the equivalent of US $19,646 and bore a fixed interest rate of 5.00%. The equivalent of US $ 9,823 is payable in 1999 and included in current maturities. At December 31, 1998, the long-term portion of borrowings and capital leases of Brink's affiliate in France were the equivalent of US $ 12,523 and US $23,709, respectively. The equivalent of US $4,349 and US $5,805, respectively, are payable in 1999 and included in current maturities. At December 31, 1998, the average interest rates for the borrowings and capital leases were 5.38% and 4.90%, respectively.

In 1998, the Company entered into a credit agreement with a major US bank related to BAX Global's Singapore operating unit to finance warehouse facilities. The credit agreement has a revolving period extending through April 1999 at which time amounts outstanding will be converted to a term loan maturing in April 2003. The amount available for borrowing will not exceed the lesser of Singapore $32,500 and US $50,000. At December 31, 1998, the amount outstanding in Singapore dollars was the equivalent of US $10,897 which bore an interest rate of 3.31% and was included in the noncurrent portion of long-term debt. Interest on the borrowings under the agreement is payable at rates based on Alternate Base Rate, LIBOR (London Inter-Bank Offered Rate) US$ Rate, SIBOR (Singapore Inter-Bank Offered Rate) US$ Rate and Adjusted SIBOR-S$ plus the applicable margin.

In 1997, the Company entered into a borrowing agreement in connection with its acquisition of Cleton. In April 1998, the Company refinanced the 1997 acquisition borrowings with a term credit facility denominated in Netherlands guilders and maturing in April 2000. The amount outstanding under the facility at December 31, 1998, was the Netherlands guilders equivalent of US $11,166 and bore an interest rate of 3.95%. Interest on borrowings under the agreement is payable at rates based on AIBOR (Amsterdam Inter-Bank Offered Rate) plus the applicable margin.

In 1997, the Company entered into a borrowing arrangement with a syndicate of local Venezuelan banks in connection with the acquisition of Custodia y Traslado de Valores, C.A. ("Custravalca"). The borrowings consisted of a long-term loan denominated in Venezuelan bolivars equivalent to US $40,000 and a $10,000 short-term loan denominated in US dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. At December 31, 1998, the long-term portion of the Venezuelan debt was the equivalent of US $18,723. The equivalent of US $8,470 is payable in 1999 and is included in current maturities of long-term debt.

Various international subsidiaries maintain lines of credit and overdraft facilities aggregating approximately $111,000 with a number of banks on either a secured or unsecured basis. At December 31, 1998, $58,549 was outstanding under such agreements and was included in short-term borrowings. Average interest rates on the lines of credit and overdraft facilities at December 31, 1998 approximated 12.0%. Commitment fees paid on the lines of credit and overdraft facilities are not significant.

At December 31, 1998, the Company had outstanding unsecured letters of credit totaling $86,301 primarily supporting the Company's obligations under its various self-insurance programs and aircraft lease obligations.

The Company maintains agreements with financial institutions under which it sells certain coal receivables to those institutions. Some of these agreements contained provisions for sales with recourse. As of December 31, 1998, these transactions were accounted for as secured financings, resulting in the recognition of short-term obligations of $29,734. The fair value of these short-term obligations approximated the carrying value and bore an interest rate of 5.72%.

8. NET INCOME PER SHARE

The following is a reconciliation between the calculations of basic and diluted net income per share:

Brink's Group		Years Ended December 31 1998	1997	1996
NUMERATOR:				
Net income - Basic and diluted net income per share numerator	$	79,104	73,622	59,695
Denominator:				
Basic weighted average common shares outstanding		38,713	38,273	38,200
Effect of dilutive securities: Stock options		442	518	482
Diluted weighted average common shares outstanding		39,155	38,791	38,682

Options to purchase 356, 19 and 23 shares of Brink's Stock, at prices between $37.06 and $39.56 per share, $37.06 and $38.16 per share, and $28.63 and $29.50 per share, were outstanding during 1998, 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

Years Ended December 31

BAX Group	1998	1997	1996
Numerator:			
Net income (loss)-Basic and diluted net income (loss) per share numerator	$ (13,091)	32,348	33,801
Denominator:			
Basic weighted average common shares outstanding	19,333	19,448	19,223
Effect of dilutive securities:			
Stock options	--	545	458
Diluted weighted average common shares outstanding	19,333	19,993	19,681

Options to purchase 2,588 shares of BAX Stock, at prices between $7.85 and $27.91 per share, were outstanding during 1998 but were not included in the computation of diluted net loss per share because the effect of all options would be antidilutive.

Options to purchase 7 and 30 shares of BAX Stock at $27.91 per share and at prices between $20.19 and $21.13 per share, were outstanding in 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

	Years Ended December 31		
MINERALS GROUP	1998	1997	1996
NUMERATOR:			
Net income	$ 43	4,228	10,658
Convertible Preferred Stock dividends, net	(3,524)	(3,481)	(1,675
Basic net income (loss) per share numerator	(3,481)	747	8,983
Effect of dilutive securities:			
Convertible Preferred Stock dividends, net	--	--	1,675
Diluted net income (loss) per share numerator	$(3,481)	747	10,658
DENOMINATOR:			
Basic weighted average common shares outstanding	8,324	8,076	7,897
Effect of dilutive securities:			
Convertible Preferred Stock	--	--	1,945
Stock options	--	26	42
Diluted weighted average common shares outstanding	8,324	8,102	9,884

Options to purchase 789 shares of Minerals Stock, at prices between $2.50 and $25.74 per share, were outstanding during 1998 but were not included in the computation of diluted net loss per share because the effect of all options would be antidilutive.

Options to purchase 446 and 300 shares of Minerals Stock, at prices between $12.18 and $25.74 and $13.43 and $25.74 per share, were outstanding during 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

The conversion of preferred stock to 1,764 and 1,785 shares of Minerals Stock has been excluded in the computation of diluted net income (loss) per share in 1998 and 1997, respectively, because the effect of the assumed conversion would be antidilutive.

9. STOCK OPTIONS

The Company has various stock-based compensation plans as described below.

STOCK OPTION PLANS

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest 100% at the end of the third year. The Non-Employee Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest ratably over the first three years. The total number of shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 2,228, 2,517 and 789 in Brink's Stock, BAX Stock and Minerals Stock, respectively. Under the Non-Employee Plan, the total number of shares underlying options authorized for grant, but not yet granted, in Brink's Stock, BAX Stock and Minerals Stock is 144, 100 and 47, respectively.

The Company's 1979 Stock Option Plan (the "1979 Plan") and the 1985 Stock Option Plan (the "1985 Plan") terminated in 1985 and 1988, respectively.

As part of the Brink's Stock Proposal (described in the Company's Proxy Statement dated December 31, 1995 resulting in the modification of the capital structure of the Company to include an additional class of common stock), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or BAX Stock, in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such

plans, the Company converted these options into options for shares of Brink's Stock or BAX Stock, or both, depending on the employment status and responsibilities of the particular optionee. In the case of optionees having Company-wide responsibilities, each outstanding Services Stock option was converted into options for both Brink's Stock and BAX Stock. In the case of other optionees, each outstanding option was converted into a new option only for Brink's Stock or BAX Stock, as the case may be. As a result, upon approval of the Brink's Stock Proposal, 1,750 shares of Brink's Stock and 1,989 shares of BAX Stock were subject to options.

The table below summarizes the activity in all plans from December 31, 1995 to December 31, 1998.

	Shares	Aggregate Exercise Price
SERVICES GROUP COMMON STOCK OPTIONS:		
Outstanding at December 31, 1995	2,399	$ 50,528
Exercised	(15)	(206)
Converted in Brink's Stock Proposal(2,384)	(50,322)	
Outstanding at December 31, 1996	--	$ --
BRINK'S GROUP COMMON STOCK OPTIONS		
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal1,750	26,865	
Granted	369	9,527
Exercised	(166)	(1,800)
Forfeited or expired	(37)	(734)
Outstanding at December 31, 1996	1,916	$ 33,858
Granted	428	13,618
Exercised	(190)	(2,296)
Forfeited or expired	(104)	(2,497)
Outstanding at December 31, 1997	2,050	$ 42,683
Granted	365	13,748
Exercised	(439)	(6,230)
Forfeited or expired	(35)	(985)
Outstanding at December 31, 1998	1,941	$ 49,216
BAX GROUP COMMON STOCK OPTIONS:		
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,989	23,474
Granted	440	7,972
Exercised	(318)	(2,905)
Forfeited or expired	(64)	(952)
Outstanding at December 31, 1996	2,047	$ 27,589
Granted	526	12,693
Exercised	(246)	(2,389)
Forfeited or expired	(71)	(1,223)
Outstanding at December 31, 1997	2,256	$ 36,670
Granted	334	4,683
Exercised	(236)	(1,868)
Forfeited or expired	(166)	(3,393)
Outstanding at December 31, 1998	2,188	$ 36,092

	Shares	Aggregate Exercise Price
MINERALS GROUP COMMON STOCK OPTIONS:		
Outstanding at December 31, 1995	598	$ 9,359
Granted	4	47
Exercised	(3)	(45)
Forfeited or expired	(16)	(229)
Outstanding at December 31, 1996	583	$ 9,132
Granted	138	1,746
Exercised	(2)	(22)
Forfeited or expired	(67)	(921)
Outstanding at December 31, 1997	652	$ 9,935
Granted	138	721
Exercised	0	0

Forfeited or expired	(128)	(1,668)
Outstanding at December 31, 1998	662	$ 8,988

Options exercisable at the end of 1998, 1997 and 1996, on an equivalent basis, for Brink's Stock were 922, 905 and 1,099, respectively; for BAX Stock were 1,081, 827 and 1,034, respectively; and for Minerals Stock were 491, 253 and 292, respectively.

The following table summarizes information about stock options outstanding as of December 31, 1998.

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
BRINK'S STOCK					
$ 9.82 to 13.79	189	1.68	$10.68	189	$10.68
16.77 to 21.34	711	2.06	19.38	711	19.38
25.57 to 31.94	686	4.06	28.94	19	29.74
37.06 to 39.56	355	5.68	38.22	3	39.56
Total	1,941			922	
BAX STOCK					
$ 7.85 to 11.70	374	2.79	$ 9.28	266	$ 9.58
13.41 to 16.32	851	2.74	14.78	728	14.72
17.06 to 21.13	534	3.46	18.07	83	17.29
23.88 to 27.91	429	4.38	24.25	4	27.91
Total	2,188			1,081	
MINERALS STOCK					
$ 2.50 to 6.53	101	5.76	$ 4.23	31	$ 4.20
9.50 to 11.88	243	2.91	10.24	216	10.32
12.69 to 16.63	148	3.66	13.29	74	13.88
18.63 to 25.74	170	1.71	24.18	170	24.18
Total	662			491	

EMPLOYEE STOCK PURCHASE PLAN

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 750 shares of Brink's Stock, 375 shares of BAX Stock and 250 shares of Minerals Stock, to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 41, 43 and 45 shares of Brink's Stock; 48, 29 and 32 shares of BAX Stock; and 118, 46 and 30 shares of Minerals Stock, to employees during 1998, 1997 and 1996, respectively. The share amounts for Brink's Stock and BAX Stock include the restatement for the Services Stock conversion under the Brink's Stock Proposal.

In January 1999, the maximum number of Minerals shares had been issued pursuant to the Plan. At a meeting held subsequent to year end, the Company's Board of Directors adopted an amendment to increase the maximum number of shares of common stock which may be issued pursuant to the Plan to 750 shares of Brink's Stock, 375 shares of BAX Stock and 650 shares of Minerals Stock. This amendment to the Plan is subject to shareholder approval on May 7, 1999.

ACCOUNTING FOR PLANS

The Company has adopted the disclosure - only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", but applies APB Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the accompanying financial statements. Had compensation costs for the Company's plans been determined based on the fair value of awards at the grant dates, consistent with SFAS No. 123, the Company's net income and net income per share would approximate the pro forma amounts indicated below:

	1998	1997	1996
NET INCOME (LOSS) ATTRIBUTED TO COMMON SHARES			
The Company			
As Reported	$ 62,532	106,717	102,479
Pro Forma	57,550	101,746	99,628
Brink's Group			
As Reported	79,104	73,622	59,695
Pro Forma	76,251	71,240	58,389
BAX Group			
As Reported	(13,091)	32,348	33,801
Pro Forma	(15,017)	30,170	32,528
Minerals Group			
As Reported	(3,481)	747	8,983
Pro Forma	(3,684)	336	8,711

	1998	1997	1996
NET INCOME (LOSS) PER COMMON SHARE			
Brink's Group			
Basic, As Reported	$ 2.04	1.92	1.56
Basic, Pro Forma	1.97	1.86	1.53
Diluted, As Reported	2.02	1.90	1.54
Diluted, Pro Forma	1.95	1.84	1.51
BAX Group			
Basic, As Reported	(0.68)	1.66	1.76
Basic, Pro Forma	(0.78)	1.55	1.69
Diluted, As Reported	(0.68)	1.62	1.72
Diluted, Pro Forma	(0.78)	1.51	1.65
Minerals Group			
Basic, As Reported	(0.42)	0.09	1.14
Basic, Pro Forma	(0.44)	0.04	1.10
Diluted, As Reported	(0.42)	0.09	1.08
Diluted, Pro Forma	(0.44)	0.04	1.05

Note: The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

The fair value of each stock option grant used to compute pro forma net income and net income per share disclosures is estimated at the time of the grant using the Black-Scholes option-pricing model.

The weighted-average assumptions used in the model are as follows:

	1998	1997	1996
Expected dividend yield:			
Brink's Stock	0.3%	0.3%	0.4%
BAX Stock	1.7%	1.0%	1.2%
Minerals Stock	1.8%	5.4%	4.8%
Expected volatility:			
Brink's Stock	31%	32%	30%
BAX Stock	50%	29%	32%
Minerals Stock	45%	43%	37%
Risk-Free interest rate:			
Brink's Stock	5.3%	6.2%	6.3%
BAX Stock	5.3%	6.2%	6.3%
Minerals Stock	5.3%	6.2%	6.1%
Expected term (in years):			
Brink's Stock	5.1	4.9	4.7
BAX Stock	5.1	4.8	4.7
Minerals Stock	5.1	4.2	3.7

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1998, 1997 and 1996 for the Brink's Stock is $4,593, $5,155 and $3,341, for the BAX Stock is $1,928, $4,182 and $2,679 and for the Minerals Stock is $250, $487 and $10, respectively.

Under SFAS No. 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under

the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1998, 1997 and 1996 was $205, $455 and $365 for Brink's Stock, $93, $222 and $138 for BAX Stock, and $58, $247 and $95 for Minerals Stock, respectively.

10. CAPITAL STOCK

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes.

The Company, at any time, has the right to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the BAX Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock.

The Company, at any time, has the right to exchange each outstanding share of Minerals Stock, for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Minerals Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. If any shares of the Company's Preferred Stock are converted after an exchange of Minerals Stock for Brink's Stock (or BAX Stock), the holder of such Preferred Stock would, upon conversion, receive shares of Brink's Stock (or BAX Stock) in lieu of shares of Minerals Stock otherwise issuable upon such conversion.

Holders of Brink's Stock at all times have one vote per share. Holders of BAX Stock and Minerals Stock have .739 and .244 vote per share, respectively, subject to adjustment on January 1, 2000, and on January 1 every two years thereafter in such a manner so that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of BAX Stock and Minerals Stock may have more than, less than or continue to have the number of votes per share as they have. Holders of Brink's Stock, BAX Stock and Minerals Stock vote together as a single voting group on all matters as to which all common shareholders are entitled to vote. In addition, as prescribed by Virginia law, certain amendments to the Articles of Incorporation affecting, among other things, the designation, rights, preferences or limitations of one class of common stock, or certain mergers or statutory share exchanges, must be approved by the holders of such class of common stock, voting as a group, and, in certain circumstances, may also have to be approved by the holders of the other classes of common stock, voting as separate voting groups.

In the event of a dissolution, liquidation or winding up of the Company, the holders of Brink's Stock, BAX Stock and Minerals Stock, effective January 1, 1999, share on a per share basis an aggregate amount equal to 54%, 28% and 18%, respectively, of the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage has been set, using a nominal number of shares of Minerals Stock of 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, BAX Stock and Minerals Stock, as the case may be, then outstanding to the total number of shares of all other classes of common stock then outstanding (which totals, in the case of Minerals Stock, shall include the Nominal Shares).

The Company has authority to issue up to 2,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80,500 or 161 shares of its $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board, and bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon. Each share of the Convertible Preferred Stock is convertible at the option of the holder at any time, unless previously redeemed or, under certain circumstances, called for redemption, into shares of Minerals Stock at a conversion price of $32.175 per share of Minerals Stock, subject to adjustment in certain circumstances. The Company may at its option, redeem the Convertible Preferred Stock, in whole or in part, for cash at a price of $515.625 per share, effective February 1, 1999, and thereafter at prices declining ratably annually on each February 1 to an amount equal to $500.00 per share on and after February 1, 2004, plus in each case an amount equal to accrued and unpaid dividends on the date of redemption. Except under certain circumstances or as prescribed by Virginia law, shares of the Convertible Preferred Stock are nonvoting. Other than the Convertible Preferred Stock, no shares of preferred stock are presently issued or outstanding.

In November 1998, under the Company's common share repurchase program, the Company's Board of Directors (the "Board") authorized the purchase, from time to time, of up to 1,000 shares of Brink's Stock, up to 1,500 shares of BAX Stock and up to 1,000 shares of Minerals Stock, not to exceed an aggregate purchase cost of $25,000. Such shares are to be purchased from time to time in the open market or in private transactions, as conditions warrant. In May 1997, the Board authorized additional authority which allows for the purchase, from time to time, of the Convertible Preferred Stock, not to exceed an aggregate purchase cost of $25,000.

Under the share repurchase program, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 1998	1997
Brink's Stock:		
Shares	150	166
Cost	$ 5,617	4,349
BAX Stock:		
Shares	1,047	332
Cost	$ 12,674	7,405
Convertible Preferred Stock:		
Shares	0.4	1.5
Cost	$ 146	617
Excess carrying amount (a)	$ 23	108

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1998, the Company had remaining authority to purchase over time 1,000 shares of Pittston Minerals Group Common Stock; 1,000 shares of Pittston Brink's Common Stock; 1,465 shares of Pittston BAX Group Common Stock and an additional $24,236 of its Convertible Preferred Stock. The remaining aggregate purchase cost limitation for all common stock was $24,698 at December 31, 1998. The authority to acquire shares remains in effect in 1999.

In 1998, 1997 and 1996, dividends paid on the Convertible Preferred Stock amounted to $3,547, $3,589, and $3,795, respectively. During 1998 and 1997, the Board declared and the Company paid dividends of $3,874 and $3,755 on Brink's Stock, $4,642 and $4,805 on BAX Stock, and $1,969 and $5,176 on Minerals Stock, respectively.

Under a Shareholder Rights Plan adopted by the Board in 1987 and as amended, rights to purchase a new Series A Participating Cumulative Preferred Stock (the "Series A Preferred Stock") of the Company were distributed as a dividend at the rate of one right for each share of the Company's common stock. Each Brink's Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series A Preferred Stock at a purchase price of $26.67, subject to adjustment. Each BAX Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series D Preferred Stock at a purchase price of $26.67, subject to adjustment. Each Minerals Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series B Participating Cumulative Preferred Stock (the "Series B Preferred Stock") at a purchase price of $40, subject to adjustment.

Each fractional share of Series A Preferred Stock and Series B Preferred Stock will be entitled to participate in dividends and to vote on an equivalent basis with one whole share of Brink's Stock, BAX Stock and Minerals Stock, respectively. Each right will not be exercisable until after a third party acquires 15% or more of the total voting rights of all outstanding Brink's Stock, BAX Stock and Minerals Stock or on such date as may be designated by the Board after commencement of a tender offer or exchange offer by a third party for 15% or more of the total voting rights of all outstanding Brink's Stock, BAX Stock and Minerals Stock.

If after the rights become exercisable, the Company is acquired in a merger or other business combination, each right will entitle the holder to purchase, for the purchase price, common stock of the surviving or acquiring company having a market value of twice the purchase price. In the event a third party acquires 15% or more of all outstanding Brink's Stock, BAX Stock and Minerals Stock, the rights will entitle each holder to purchase, at the purchase price, that number of fractional shares of Series A Preferred Stock, Series D Preferred Stock and Series B Preferred Stock equivalent to the number of shares of common stock which at the time of the triggering event would have a market value of twice the purchase price. As an alternative to the purchase described in the previous sentence, the Board may elect to exchange the rights for other forms of consideration, including that number of shares of common stock obtained by dividing the purchase price by the market price of the common stock at the time of the exchange or for cash equal to the purchase price. The rights may be redeemed by the Company at a price of $0.01 per right and expire on September 25, 2007.

The Company's Articles of Incorporation limits dividends on Minerals Stock to the lesser of (i) all funds of the Company legally available therefore (as prescribed by Virginia law) and (ii) the Available Minerals Dividend Amount (as defined in the Articles of Incorporation). The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31,

1998, the Available Minerals Dividend Amount was at least $8,123. See Note 22.

In December 1992, the Company formed The Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock (initially 4,000 shares) to fund obligations under certain employee benefit programs not including stock option plans. The trust first began funding obligations under the Company's various stock option plans in September 1995. In November 1998, the Company sold for a promissory note of the Trust, 1,500 new shares of BAX Stock and 800 new shares of Minerals Stock at a price equal to the closing value of each stock, respectively, on the date prior to issuance. As of December 31, 1998, 2,076 shares of Brink's Stock (2,734 in 1997), 1,858 shares of BAX Stock (868 in 1997) and 766 shares of Minerals Stock (232 in 1997) remained in the Trust, valued at market. These shares will be voted by the trustee in the same proportion as those voted by the Company's employees participating in the Company's Savings Investment Plan. The fair market value of the shares is included in each issue of common stock and capital in excess of par.

11. ACQUISITIONS

All acquisitions discussed below have been accounted for as purchases. Accordingly, the costs of the acquisitions were allocated to the assets acquired and liabilities assumed based on their respective fair values. The results of operations of the businesses acquired have been included in the accompanying consolidated financial statements of the Company from their respective dates of acquisition. The excess of the purchase price over fair value of the net assets acquired is included in goodwill. Some purchase agreements provide for contingent payments based on specified criteria. Any such future payments are capitalized as goodwill when paid. Unless otherwise indicated, goodwill is amortized on a straight-line basis over forty years.

In the first quarter of 1998, the Company purchased 62% (representing substantially all of the remaining shares) of its Brink's affiliate in France ("Brink's S.A.") for payments aggregating US $39,000, including interest, over three years. In addition, estimated liabilities assumed approximated US $125,700. The acquisition was funded primarily through a note to the seller (See Note 7.) The fair value of assets acquired approximated US $127,000 (including US $9,200 in cash). Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition resulted in goodwill of approximately US $35,000. Brink's S.A. had annual revenues of approximately US $220,000 in 1997. If this acquisition had occurred on January 1, 1997, the pro forma impact on the Company's net income or net income per share would not have been material.

On April 30, 1998, the Company acquired the privately held Air Transport International LLC ("ATI") for approximately $29,000. The acquisition was funded through the revolving credit portion of the Company's bank credit agreement. Based on a preliminary evaluation of the fair value of assets acquired and liabilities assumed, which is subject to additional review, the acquisition resulted in goodwill of approximately $1,600. If this acquisition had occurred on either January 1, 1997 or 1998, the pro forma impact on the Company's revenues, net income or net income per share in 1997 and 1998 would not have been material.

In addition, during 1998, the Company acquired additional interests in its Brink's subsidiaries in Bolivia and Colombia and purchased the remaining 50% interest in its Brink's affiliate in Germany. A 10% interest in its Brink's Hong Kong subsidiary was sold in 1998 for an amount approximating book value. If these acquisitions and disposition had occurred on either January 1, 1997 or 1998, the pro forma impact on the Company's revenues, net income or net income per share in 1997 and 1998 would not have been material.

In the first quarter of 1997, the Company increased its ownership position in its Brink's Venezuelan affiliate, Custodia y Traslado de Valores, C.A. ("Custralvalca"), from 15% to 61%. The acquisition was financed through a syndicate of local Venezuelan banks (See Note 7.) In conjunction with this transaction, Brink's acquired an additional 31% interest in Brink's Peru S.A. bringing its total interest to 36%. If these acquisitions had occurred on January 1, 1996, the pro forma impact on the Company's revenues, net income or net income per share in 1996 would not have been material.

In June 1997, the Company acquired Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands, for the equivalent of US $10,700 in cash and the assumption of the equivalent of US $10,000 of debt. Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition resulted in initial goodwill of approximately US $3,800. Additional contingent payments of approximately US $1,500 and US $1,600 were made in 1997 and 1998, respectively, increasing total goodwill associated with this acquisition to US $6,900. An additional contingent payment may be made in 1999, based on certain performance requirements of Cleton.

In addition, throughout 1997, the Company acquired additional interests in several subsidiaries and affiliates. Remaining interests were acquired in the Netherlands, Hong Kong, Taiwan and South Africa while ownership positions were increased in Bolivia and Chile. If these acquisitions had occurred on January 1, 1996 or 1997, the pro forma impact on the Company's revenues, net income or net income per share in 1996 and 1997 would not have been material.

There were no material acquisitions in 1996.

12. COAL JOINT VENTURE

The Company, through a wholly owned indirect subsidiary, has a partnership agreement, Dominion Terminal Associates ("DTA"), with three other coal companies to operate coal port facilities in Newport News, Virginia, in the Port of Hampton Roads (the "Facilities"). The Facilities, in which the Company's wholly owned indirect subsidiary has a 32.5% interest, have an annual throughput capacity of 22 million tons, with a ground storage capacity of approximately 2 million tons. The Facilities are financed by a series of coal terminal revenue refunding bonds issued by the Peninsula Ports Authority of Virginia (the "Authority"), a political subdivision of the Commonwealth of Virginia, in the aggregate principal amount of $132,800, of which $43,160 are attributable to the Company. These bonds bear a fixed interest rate of 7.375%. The Authority owns the Facilities and leases them to DTA for the life of the bonds, which mature on June 1, 2020. DTA may purchase the Facilities for one dollar at the end of the lease term. The obligations of the partners are several, and not joint.

Under loan agreements with the Authority, DTA is obligated to make payments sufficient to provide for the timely payment of the principal and interest on the bonds. Under a throughput and handling agreement, the Company has agreed to make payments to DTA that in the aggregate will provide DTA with sufficient funds to make the payments due under the loan agreements and to pay the Company's share of the operating costs of the Facilities. The Company has also unconditionally guaranteed the payment of the principal of and premium, if any, and the interest on the bonds. Payments for operating costs aggregated $3,168 in 1998, $4,691 in 1997 and $5,208 in 1996. The Company has the right to use 32.5% of the throughput and storage capacity of the Facilities subject to user rights of third parties which pay the Company a fee. The Company pays throughput and storage charges based on actual usage at per ton rates determined by DTA.

13. LEASES

The Company and its subsidiaries lease aircraft, facilities, vehicles, computers and coal mining and other equipment under long-term operating and capital leases with varying terms. Most of the operating leases contain renewal and/or purchase options.

As of December 31, 1998, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Aircraft	Facilities	Equipment & Other	Total
1999	$ 39,888	53,278	33,680	126,846
2000	32,731	42,005	26,610	101,346
2001	28,645	34,083	17,357	80,085
2002	12,698	29,826	11,541	54,065
2003	3,720	24,772	6,231	34,723
2004	--	22,037	1,077	23,114
2005	--	18,471	908	19,379
2006	--	16,977	817	17,794
Later Years	--	97,409	1,780	99,189
Total	$ 117,682	338,858	100,001	556,541

These amounts are net of aggregate future minimum noncancellable sublease rentals of $3,064.

Net rent expense amounted to $126,300 in 1998, $109,976 in 1997 and $111,562 in 1996.

The Company incurred capital lease obligations of $13,307 in 1998, $4,874 in 1997 and $3,185 in 1996. In addition, in conjunction with the 1998 acquisition of the Brink's affiliate in France (see Note 11), capital lease obligations of US $30,000 were assumed.

Minimum future lease payments under capital leases as of December 31, 1998, for each of the next five years and in the aggregate are:

1999	$ 12,271
2000	9,943
2001	6,792
2002	3,931
2003	3,015
Subsequent to 2003	8,987
Total minimum lease payments	44,939
Less: Executory costs	38
Net minimum lease payments	44,901
Less: Amount representing interest	4,517

Present value of net minimum lease payment	$ 40,384

Interest rates on capitalized leases vary from 5.7% to 23.5% and are imputed based on the lower of the Company's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

There were no non-cancellable subleases and no contingent rental payments in 1998 or 1997.

The Company is in the process of negotiating certain facilities leasing agreements with terms of ten years. Aggregate future minimum lease payments under these agreements are expected to approximate $43,000.

At December 31, 1998, the Company had contractual commitments with a third party to provide aircraft usage and services to the Company. The fixed and determinable portion of the obligations under these agreements aggregate approximately $153,240 and expire from 1999 to 2003 as follows:

1999	$ 42,720
2000	42,720
2001	37,680
2002	27,240
2003	2,880

Spending under these agreements, including any variable component, was $60,846 in 1998, $39,204 in 1997 and $18,740 in 1996.

14. EMPLOYEE BENEFIT PLANS

The Company and its subsidiaries maintain several noncontributory defined benefit pension plans covering substantially all nonunion employees who meet certain minimum requirements, in addition to sponsoring certain other defined benefit plans. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The Company's policy is to fund the actuarially determined amounts necessary to provide assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations.

The net pension expense for 1998, 1997 and 1996 for all plans is as follows:

	Years Ended December 31 1998	1997	1996
Service cost-benefits earned during year	$ 19,932	15,283	14,753
Interest cost on projected benefit obligation	30,181	26,978	23,719
Return on assets-expected	(45,115)	(40,894)	(37,648)
Other amortization, net	2,156	564	1,741
Net pension expense	$ 7,154	1,931	2,565

The assumptions used in determining the net pension expense for the Company's primary pension plan were as follows:

	1998	1997	1996
Interest cost on projected benefit obligation	7.5%	8.0%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Rate of increase in compensation levels	4.0%	4.0%	4.0%

Reconciliations of the projected benefit obligation, plan assets, funded status and prepaid pension expense at December 31, 1998 and 1997 are as follows:

	Years Ended December 31 1998	1997
Projected benefit obligation at beginning of year	$402,252	339,260
Service cost-benefits earned during the year	19,932	15,283
Interest cost on projected benefit obligation	30,181	26,978
Plan participants' contributions	1,070	800
Acquisitions	8,128	--
Benefits paid	(18,485)	(16,619)
Actuarial loss	54,520	40,734
Foreign currency exchange rate changes	468	(4,184)
Projected benefit obligation at end of year	$498,066	402,252
Fair value of plan assets at beginning of year	$511,245	450,430
Return on assets - actual	69,803	81,195
Acquisitions	1,440	--
Plan participants' contributions	1,070	800
Employer contributions	1,744	1,075
Benefits paid	(18,485)	(16,619)
Foreign currency exchange rate changes	(645)	(5,636)
Fair value of plan assets at end of year	$566,172	511,245
Funded status	$68,106	108,993
Unamortized initial net asset	(756)	(1,450)
Unrecognized experience loss	38,061	10,548
Unrecognized prior service cost	1,383	1,209
Net pension assets	106,794	119,300
Current pension liabilities	6,078	3,838
Noncurrent pension liabilities	6,628	--
Deferred pension assets per balance sheet	$119,500	123,138

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 7.0% in 1998 and 7.5% in 1997. The expected long-term rate of return on assets was 10% in both years. The rate of increase in compensation levels used was 4% in 1998 and 1997.

The unrecognized initial net asset at January 1, 1986 (January 1, 1989 for certain foreign pension plans), the date of adoption of Statement of Financial Accounting Standards No. 87, has been amortized over the estimated remaining average service life of the employees.

Under the 1990 collective bargaining agreement with the United Mine Workers of America ("UMWA"), the Company agreed to make payments at specified contribution rates for the benefit of the UMWA employees. The trustees of the UMWA pension fund contested the agreement and brought action against the Company. While the case was in litigation, Minerals Group's benefit payments were made into an escrow account for the benefit of union employees. During 1996, the case was settled and the escrow funds were released (Note 18). As a result of the settlement, the Coal subsidiaries agreed to continue their participation in the UMWA 1974 pension plan at defined contribution rates. Under this plan, expense recognized in 1998, 1997 and 1996 was $574, $1,128 and $1,204, respectively.

Expense recognized in 1998, 1997 and 1996 for other multi-employer plans was $765, $640 and $843, respectively.

The Company and its subsidiaries also provide certain postretirement health care and life insurance benefits for eligible active and retired employees in the United States and Canada.

For the years 1998, 1997 and 1996, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31 1998	1997	1996
Service cost--benefits earned during the year	$ 1,167	1,610	2,069
Interest cost on accumulated postretirement benefit obligation	22,412	22,112	20,213
Amortization of losses	2,929	1,389	1,128
Total expense	$ 26,508	25,111	23,410

The actuarially determined and recorded liabilities for the following postretirement benefits have not been funded.

Reconciliations of the accumulated postretirement benefit obligation, funded status and accrued postretirement benefit cost at December 31, 1998 and 1997 are as follows:

	Years Ended December 31 1998	1997
Accumulated postretirement benefit obligation at beginning of year	$313,921	287,522
Service cost-benefits earned during the year	1,167	1,610
Interest cost on accumulated postretirement benefit obligation	22,412	22,112
Benefits paid	(18,463)	(18,927)
Actuarial loss	17,855	21,614
Foreign currency exchange rate changes	(61)	(10)
Total accumulated postretirement benefit obligation at end of year	$336,831	313,921
Accumulated postretirement benefit obligation at end of year-retirees	$ 282,687	255,190
Accumulated postretirement benefit obligation at end of year-active participants	54,144	58,731
Total accumulated postretirement benefits obligation at end of year	$336,831	313,921
Funded status	$(336,831)	(313,921)
Unrecognized experience loss	78,173	63,247
Accrued postretirement benefit cost at end of year	$(258,658)	(250,674)

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.0% in 1998 and 7.5% in 1997. The assumed health care cost trend rate used in 1998 was 6.62% for pre-65 retirees, grading down to 5% in the year 2001. For post-65 retirees, the assumed trend rate in 1998 was 5.95%, grading down to 5% in the year 2001. The assumed Medicare cost trend rate used in 1998 was 5.73%, grading down to 5% in the year 2001.

A percentage point increase each year in the assumed health care cost trend rate used would have resulted in an increase of approximately $3,300 in the aggregate service and interest components of expense for the year 1998, and an increase of approximately $37,900 in the accumulated postretirement benefit obligation at December 31, 1998.

A percentage point decrease each year in the assumed health care cost trend rate would have resulted in a decrease of approximately $3,100 in the aggregate service and interest components of expense for the year 1998 and a decrease of approximately $35,700 in the accumulated postretirement benefit obligation at December 31, 1998.

The Company also sponsors a Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 50% to 125% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $7,745 in 1998, $7,362 in 1997 and $6,875 in 1996.

The Company sponsors other defined contribution benefit plans based on hours worked, tons produced or other measurable factors. Contributions under all of these plans aggregated $986 in 1998, $206 in 1997 and $643 in 1996.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which the Company and certain of its subsidiaries (the "Pittston Companies") are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share or certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1998, 1997 and 1996, these amounts, on a pretax basis, were approximately $9,600, $9,300 and $10,400, respectively. The Company currently estimates that the annual liability under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10,000 per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases. As a result of legal developments in 1998 involving the Health Benefit Act, the Company experienced an increase in its assessments under the Health Benefit Act for the twelve month period beginning October 1, 1998, approximating $1,700, $1,100 of which relates to retroactive assessments for years prior to 1998. This increase consists of charges for death benefits which are provided for by the Health Benefit Act, but which previously have been covered by other funding sources. As with all the Company's Health Benefit Act assessments, this amount is to be paid in 12 equal monthly installments over the plan year beginning October 1, 1998. The Company is unable to determine at this time whether any other additional amounts will apply in future plan years.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' remaining beneficiaries at approximately $216,000, which when discounted at 7.0% provides a present value estimate of approximately $99,000. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and the annual cost is recognized on a pay-as-you-go basis.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain post-retirement health benefits for thousands of retired union mine workers and their dependents. Substantially all of the Company's accumulated postretirement benefit obligation as of December 31, 1998 for retirees of $282,687 relates to such retired workers and their beneficiaries.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of the health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined.

15. RESTRUCTURING AND OTHER (CREDITS) CHARGES, INCLUDING LITIGATION ACCRUAL

Refer to Note 18 for a discussion of the benefit of the reversal of a litigation accrual related to the Evergreen case of $35,650 in 1996.

At December 31, 1998, Pittston Coal had a liability of $25,213 for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Pittston Coal will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted at December 31, 1998 should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions, Pittston Coal reversed $11,649 of the reserve in 1996. The 1996 reversal included $4,778 related to estimated mine and plant closures, primarily reclamation, and $6,871 in employee severance and other benefit costs. As a result of favorable workers' compensation claim development, Pittston Coal reversed $1,479 and $3,104 in 1998 and 1997, respectively.

The following table analyzes the changes in liabilities during the last three years for facility closure costs recorded as restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1995	$ 1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (a)	842	5,499	3,921	10,262
Other reductions (b)	--	6,267	--	6,267
Balance December 31, 1996	376	12,439	25,285	38,100
Reversals	--	--	3,104	3,104
Payments (c)	376	1,764	2,010	4,150
Other	--	468	(468)	--
Balance December 31, 1997	$ --	11,143	19,703	30,846
Reversals	--	--	1,479	1,479
Payments (d)	--	1,238	1,917	3,155
Other reductions (b)	--	999	--	999
Balance December 31, 1998	$ --	8,906	16,307	25,213

(a) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993 and $4,658 was for liabilities recorded in 1994.

(b) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.

(c) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.

(d) Of the total payments made in 1998, $2,491 was for liabilities recorded in years prior to 1993, $10 was for payments recorded in 1993 and $654 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $3,000 to $5,000. The liability for mine and plant closure costs is expected to be satisfied over the next eight years, of which approximately 34% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to eight years.

16. OTHER OPERATING INCOME

Other operating income generally includes royalty income, gains on sales of assets and foreign exchange transactions gains and losses. Other operating income also includes the Company's share of net income of unconsolidated affiliated companies carried on the equity method of $1,602, $539 and $2,103 for 1998, 1997 and 1996, respectively.

Summarized financial information presented includes the accounts of the following equity affiliates (a):

	Ownership At December 31, 1998
Servicio Pan Americano De Protection, S.A. (Mexico)	20%
Brink's Panama, S.A.	49%
Brink's Peru, S.A.	36%

Security Services (Brink's Jordan), W.L.L.	45%
Brink's-Allied Limited (Ireland)	50%
Brink's Arya India Private Limited	40%
Brink's Pakistan (Pvt.) Limited	49%
Brink's (Thailand) Ltd.	40%
BAX International Forwarding Ltd. (Taiwan)	33.3%
Mining Project Investors Limited (Australia)(b)	51.5%
MPI Gold (USA) (b)	51.5%

	1998	1997	1996
Revenues	$638,624	728,815	415,216
Gross profit	56,471	97,976	78,900
Net income (loss)	(204)	4,427	11,160
Current assets	82,771	131,160	209,089
Noncurrent assets	113,167	215,531	217,445
Current liabilities	76,990	153,247	192,679
Noncurrent liabilities	43,138	84,170	117,952
Net equity	75,810	109,274	115,903

(a) Also includes amounts related to equity affiliates who were either sold prior to December 31, 1998, became consolidated affiliates through increased ownership prior to December 31, 1998 (most notably Brink's S.A. France and Brink's Schenker Germany) or converted to cost investment. All amounts for such affiliates are presented pro-rata, where applicable.

(b) 45% ownership on a fully diluted basis.

Undistributed earnings of such companies included in consolidated retained earnings approximated $14,600 at December 31, 1998.

17. SEGMENT INFORMATION

The Company implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods.

The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information.

The Company has five reportable segments: Brink's, BHS, BAX Global, Pittston Coal and Mineral Ventures. Management has determined these reportable segments based on how resources are allocated and how operational decisions are made. The Company's reportable segments are business units that offer different types of products and services. Management evaluates performance and allocates resources based on operating profit or loss excluding corporate allocations.

Brink's is a worldwide security transportation and services company and BHS installs and monitors residential security systems in the United States and Canada. BAX Global provides global expedited freight transportation services. BAX Global also provides global non-expedited freight services including supply chain management services. Pittston Coal produces and markets low sulphur steam coal used for the generation of electricity. It also mines and markets high quality metallurgical coal for steel production worldwide. Mineral Ventures is a gold production and exploration company which has interests in a gold mine in Australia and explores for gold and base metals in Australia and Nevada.

Operating segment information is as follows:

	Years Ended December 31		
	1998	1997	1996
Net Sales and Operating Revenues:			
BAX Global	$1,776,980	1,662,338	1,484,869
Brink's	1,247,681	921,851	754,011
BHS	203,586	179,583	155,802
Pittston Coal	503,302	612,907	677,393
Mineral Ventures	15,333	17,719	19,120
Consolidated net sales and operating revenues(a)	$3,746,882	3,394,398	3,091,195
Operating Profit (Loss)			
BAX Global (b)	$ (628)	63,264	64,604
Brink's (c)	98,420	81,591	56,823
BHS (d)	53,032	52,844	44,872
Pittston Coal (e)	3,207	12,217	20,034
Mineral Ventures (f)	(1,031)	(2,070)	1,619
Segment operating profit	153,000	207,846	187,952
General Corporate expense	(27,857)	(19,718)	(21,445
Consolidated operating profit	$ 125,143	188,128	166,507

(a)Includes US revenues of $2,256,955, $2,246,575 and $2,128,573 in 1998, 1997 and 1996, respectively.

(b) The 1998 amounts include additional expenses of approximately $36,000 related to the termination or rescoping of certain information technology projects (approximately $16,000), increased provisions on existing accounts receivable (approximately $13,000) and approximately $7,000 primarily related to severance expenses associated with BAX Global's redesign of its organizational structure. 1997 amounts include $12,500 of consulting expenses related to the redesign of BAX Global's business processes and information systems architecture.

(c) Includes equity in net income of unconsolidated affiliates of $1,235 in 1998, $1,471 in 1997 and $1,941 in 1996.

(d) As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase operating profit by $6,114 in 1998, $4,943 in 1997 and $4,539 in 1996 (Note 4). BHS changed its annual depreciation rate in 1997 resulting in a reduction of depreciation expense for capitalized installation costs of $8,915 (Note 4).

(e) Operating profit includes a benefit from restructuring and other credits, including litigation accrual aggregating $1,479, $3,104 and $47,299 in 1998, 1997 and 1996, respectively (Note 15). Operating profit in 1996 also includes a charge of $29,948 related to the adoption of FAS 121 (Note 1).

(f) Includes equity in net income (loss) of unconsolidated affiliates of $438 in 1998, ($671) in 1997 and $302 in 1996.

	Years Ended December 31		
	1998	1997	1996
CAPITAL EXPENDITURES:			
BAX Global	$ 76,115	31,307	59,470
Brink's	74,716	49,132	34,072
BHS	81,420	70,927	61,522
Pittston Coal	21,221	22,285	18,881
Mineral Ventures	4,282	4,544	3,714
General Corporate	583	613	5,950
Consolidated capital expenditures	$ 258,337	178,808	183,609
DEPRECIATION, DEPLETION AND AMORTIZATION:			
BAX Global	$ 35,287	29,667	23,254
Brink's	45,742	30,758	24,293
BHS	36,630	30,344	30,115
Pittston Coal	33,275	35,351	34,632
Mineral Ventures	2,735	1,968	1,856
General Corporate	684	663	468
Consolidated depreciation, depletion and amortization	$154,353	128,751	114,618

	As of December 31		
	1998	1997	1996
Assets:			
BAX Global	$ 765,185	690,144	617,784
Brink's (a)	679,718	441,138	340,922
BHS	230,357	193,027	149,992
Pittston Coal	528,468	549,576	594,772
Mineral Ventures (b)	18,733	20,432	22,826
Identifiable assets	$2,222,461	1,894,317	1,726,296
General Corporate (primarily cash, investments, advances and deferred pension assets)	108,676	101,627	106,307
Consolidated assets(c)	$2,331,137	1,995,944	1,832,603

(a) Includes investments in unconsolidated equity affiliates of $14,994, $27,241 and $26,497 in 1998, 1997 and 1996, respectively.

(b) Includes investments in unconsolidated equity affiliates of $5,034, $6,349 and $8,408 in 1998, 1997 and 1996, respectively.

(c) Includes long-lived assets (property, plant and equipment) located in the US of $509,349, $476,991 and $433,955 as of December 31, 1998, 1997 and 1996, respectively.

18. LITIGATION

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,600 and $11,200 and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will

ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law, and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Company's results of operations or financial position.

In 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Company recognized in its consolidated financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case (Notes 14 and 15).

In late March 1996, a settlement was reached in the Evergreen Case. Under the terms of the settlement, the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25,800 upon dismissal of the Evergreen Case and the remainder of $24,000 in installments of $7,000 in 1996 and $8,500 in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second, third and fourth (last) payments were paid according to schedule and were funded from cash provided by operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan.

As a result of the settlement of the Evergreen Case at an amount lower than those previously accrued, the Company recorded a pretax gain of $35,650 ($23,173 after-tax) in the first quarter of 1996 in its consolidated financial statements.

19. COMMITMENTS

At December 31, 1998, the Company had contractual commitments for third parties to contract mine or provide coal to the Company. Based on the contract provisions these commitments are currently estimated to aggregate approximately $202,033 and expire from 1999 through 2005 as follows:

1999	$ 60,563
2000	38,186
2001	38,036
2002	38,036
2003	13,814
2004	7,656
2005	5,742

Spending under the contracts was $72,086 in 1998, $91,119 in 1997 and $99,161 in 1996.

20. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1998, 1997 and 1996, cash payments for income taxes, net of refunds received, were $27,745, $30,677 and $26,412, respectively.

For the years ended December 31, 1998, 1997 and 1996, cash payments for interest were $38,126, $26,808 and $14,659, respectively.

In connection with the June 1997 acquisition of Cleton & Co. ("Cleton"), the Company assumed the equivalent of US $10,000 of Cleton debt, of which the equivalent of approximately US $6,000 was outstanding at December 31, 1997.

During 1998, the Company recorded the following noncash investing and financing activities in connection with the acquisition of substantially all of the remaining shares of its Brink's affiliate in France: seller financing of the equivalent of US $27,500 and the assumption of borrowings of approximately US $19,000 and capital leases of approximately US $30,000.

21. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1998 and 1997. The first three quarters of 1997 net income per share amounts have been restated to comply with SFAS No. 128,

"Earnings Per Share." Third quarter 1997 amounts have been reclassified to include $3,948 of revenues and transportation expenses from Cleton, which was acquired in June 1997.

	1st	2nd	3rd	4th
1998 Quarters:				
Net sales and operating revenues	$862,664	927,104	968,932	988,182
Gross profit	122,729	135,146	149,278	150,398
Net income(a),(b)	12,828	20,762	211	32,255
Net income per Brink's Group common share:				
Basic	$ .44	.53	.52	.55
Diluted	.44	.52	.51	.55
Net income (loss) per BAX Group common share:				
Basic (a)	$ (.15)	.05	(1.13)	.56
Diluted	(.15)	.05	(1.13)	.56
Net income (loss) per Minerals Group common share:				
Basic (b)	$ (.26)	(.20)	.14	
Diluted	(.26)	(.20)	.14	
1997 Quarters:				
Net sales and operating revenues	$781,676	826,154	874,449	912,119
Gross profit	109,445	118,884	143,136	143,567
Net income (b) (c)	21,341	14,663	36,337	37,857
Net income per Brink's Group common share:				
Basic	$ .40	.46	.51	.55
Diluted	.40	.46	.50	.54
Net income (loss) per BAX Group common share:				
Basic (c)	$ .26	(.10)	.82	.68
Diluted	.26	(.10)	.80	.66
Net income (loss) per Minerals Group common share:				
Basic (b)	$ .01	(.26)	.02	.32
Diluted	.01	(.26)	.02	.32

(a) The third quarter of 1998 includes additional expenses of approximately $36,000 ($22,680 after-tax; $1.17 per share) related to the termination or rescoping of certain information technology projects (approximately $16,000 pre-tax), increased provisions on existing accounts receivable (approximately $13,000 pre-tax), and approximately $7,000 (pre-tax) primarily related to severance expenses associated with BAX Global's redesign of its organizational structure.

(b) The fourth quarters of 1998 and 1997 include the reversal of excess restructuring liabilities of $1,479 ($961 after-tax; $0.11 per share) and $3,104 ($2,108 after-tax; $0.25 per share), respectively.

(c) The second quarter of 1997 includes $12,500 pre-tax ($7,900 after-tax; $0.40 per share) of consulting expenses related to the redesign of BAX Global's business processes and new information systems architecture.

22. SUBSEQUENT EVENT

Effective March 15, 1999, under the Company's preferred share purchase program, the Company purchased 84 shares of the Convertible Preferred Stock at $250 per share for a total cost approximating $21,000. The excess of the carrying amount over the cash paid for the repurchase was approximately $19,000. In addition, on March 12, 1999, the Board authorized an increase in the remaining authority to repurchase Convertible Preferred Stock by $4,300.

As discussed in Note 10, the Available Minerals Dividend is impacted by activity that affects shareholders' equity or the fair value of the net assets of the Minerals Group. The purchase amount noted above reduces the Available Minerals Dividend Amount as currently calculated. Accordingly, the purchase of the Convertible Preferred Stock plus recent financial performance of the Minerals Group is expected to significantly reduce or eliminate the ability to pay dividends on the Minerals Group Common Stock.

Common Stock

	Market Price High	Low	Declared Dividends
1998			
BRINK'S GROUP			
1st Quarter	$ 42.88	37.25	$ .025
2nd Quarter	41.44	35.56	.025
3rd Quarter	39.13	31.31	.025
4th Quarter	37.13	28.00	.025
BAX GROUP (a)			
1st Quarter	$ 25.88	15.00	$ .06
2nd Quarter	19.13	14.75	.06
3rd Quarter	15.69	6.44	.06
4th Quarter	11.25	5.31	.06
MINERALS GROUP (b)			
1st Quarter	$ 9.75	7.63	$ .1625
2nd Quarter	8.88	4.81	.025
3rd Quarter	5.75	2.75	.025
4th Quarter	3.50	1.94	.025
1997			
BRINK'S GROUP			
1st Quarter	$ 29.75	25.25	$ .025
2nd Quarter	32.88	25.38	.025
3rd Quarter	41.94	29.63	.025
4th Quarter	42.13	33.44	.025
BAX GROUP (a)			
1st Quarter	$ 21.13	18.50	$ .06
2nd Quarter	29.00	20.50	.06
3rd Quarter	30.81	23.25	.06
4th Quarter	31.00	24.31	.06
MINERALS GROUP (b)			
1st Quarter	$ 16.88	12.88	$ .1625
2nd Quarter	14.63	11.00	.1625
3rd Quarter	12.25	10.06	.1625
4th Quarter	11.38	6.63	.1625

(a) Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

(b) Dividends on Minerals Stock are limited by the Available Minerals Dividend Amount. See Notes 10 and 22 and Management's Discussion and Analysis.

During 1998 and 1997, Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") traded on the New York Stock Exchange under the ticker symbols "PZB", "PZX", and "PZM", respectively.

As of March 2, 1999, there were approximately 4,800 shareholders of record of Brink's Stock, approximately 4,300 shareholders of record of BAX Stock and approximately 3,900 shareholders of record of Minerals Stock.

Pittston BAX Group

SELECTED FINANCIAL DATA

The following Selected Financial Data reflects the results of operations and financial position of the businesses which comprise Pittston BAX Group ("BAX Group") and should be read in connection with the BAX Group's financial statements. The financial information of the BAX Group, Pittston Brink's Group ("Brink's Group") and Pittston Minerals Group ("Minerals Group") supplements the consolidated financial information of The Pittston Company and Subsidiaries (the "Company") and, taken together, includes all accounts which comprise the corresponding consolidated financial information of the Company.

FIVE YEARS IN REVIEW

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	1998	1997	1996	1995	1994
SALES AND INCOME (a):					
Operating revenues	$1,776,980	1,662,338	1,484,869	1,403,195	1,215,284
Net income (loss)	(13,091)	32,348	33,801	32,855	38,356
FINANCIAL POSITION (a):					
Net property, plant and equipment	$ 205,371	128,632	113,283	72,171	44,442
Total assets	775,298	701,443	635,398	572,077	521,516
Long-term debt, less current maturities	98,191	37,016	28,723	26,697	41,906
Shareholder's equity	300,270	323,710	304,989	271,853	240,880
AVERAGE PITTSTON BAX GROUP COMMON SHARES OUTSTANDING (b), (c):					
Basic	19,333	19,448	19,223	18,966	18,892
Diluted	19,333	19,993	19,681	19,596	19,436
PITTSTON BAX GROUP COMMON SHARES OUTSTANDING (b):	20,825	20,378	20,711	20,787	20,798
Per Pittston BAX Group Common Share (b), (c):					
Net income (loss):					
Basic	$ (0.68)	1.66	1.76	1.73	2.03
Diluted	(0.68)	1.62	1.72	1.68	1.97
Cash dividends	0.24	.24	.24	.22	.22
Book value (d)	15.83	16.59	15.70	14.30	12.74

(a) See Management's Discussion and Analysis for discussion of additional expenses and special consulting costs.

(b) All share and per share data presented reflects the completion of the Brink's Stock Proposal which occurred on January 18, 1996. Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust of 1,858 shares, 868 shares, 1,280 shares, 1,777 shares and 1,890 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. Average shares outstanding do not include these shares. The initial dividends of BAX Stock were paid on March 1, 1996. Dividends paid by the Company on Services Stock have been attributed to the BAX Group in relation to the initial dividends paid on the BAX and Brink's Stocks.

(c) The net income per share amounts prior to 1997 have been restated, as required, to comply with Statement of Financial Accounting Standards, No. 128, "Earnings Per Share." For further discussion of net income per share, see Note 10 to the BAX Group Financial Statements.

(d) Calculated based on the number of shares outstanding at the end of the period excluding shares outstanding under the Company's Employee Benefits Trust.

Pittston BAX Group

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The financial statements of the Pittston BAX Group (the "BAX Group") include the balance sheets, results of operations and cash flows of the BAX Global Inc. ("BAX Global") operations of The Pittston Company (the "Company") and a portion of the Company's corporate assets and liabilities and related transactions which are not specifically identified with operations of a particular segment. The BAX Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate amounts reflected in these financial statements are determined based upon methods which management believes to provide a reasonable and equitable estimate of costs, assets and liabilities attributable to the BAX Group.

The Company provides holders of the Pittston BAX Group Common Stock ("BAX Stock") separate financial statements, financial reviews, descriptions of business and other relevant information for the BAX Group in addition to consolidated financial information of the Company. Holders of BAX Stock are shareholders of the Company, which continues to be responsible for all its liabilities. Therefore, financial developments affecting the BAX Group, the Pittston Brink's Group (the "Brink's Group") or the Pittston Minerals Group (the "Minerals Group") that affect the Company's financial condition could therefore affect the results of operations and financial condition of each of the Groups. Accordingly, the Company's consolidated financial statements must be read in connection with the BAX Group's financial statements.

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

The following discussion is a summary of the key factors management considers necessary in reviewing the BAX Group's results of operations, liquidity and capital resources. This discussion must be read in conjunction with the financial statements and related notes of the BAX Group and the Company.

RESULTS OF OPERATIONS

	YEARS ENDED DECEMBER 31		
(IN THOUSANDS)	1998	1997	1996
BAX Global:			
Operating revenues:			
Americas	$1,181,274	1,142,495	1,027,950
Atlantic	325,975	305,598	282,299
Pacific	314,104	250,584	216,170
Eliminations/other	(44,373)	(36,339)	(41,550)
Total operating revenues	$1,776,980	1,662,338	1,484,869
BAX Global:			
Operating profit (loss):			
Americas	$ 55,936	69,124	60,505
Atlantic	5,564	7,333	4,571
Pacific	12,787	11,553	9,679
Other	(74,915)	(24,746)	(10,151)
Segment operating profit (loss)	$ (628)	63,264	64,604
General corporate expense	(10,363)	(6,859)	(7,433)
Total operating profit (loss)	(10,991)	56,405	57,171
Depreciation and amortization			
BAX Global	$ 35,287	29,667	23,254
General corporate	240	238	173
Total depreciation and amortization	$ 35,527	29,905	23,427
Cash capital expenditures			
BAX Global	$ 75,648	30,955	59,238
General corporate	166	109	2,083
Total cash capital expenditures	$ 75,814	31,064	61,321

BAX Global operates in three geographic regions: the Americas, which includes the domestic and export business of the United States ("USA"), Latin America and Canada; the Atlantic which includes Europe and Africa; and the Pacific which includes Asia and Australia. Each region provides both expedited and non-expedited freight services. Revenues and profits on expedited freight services are shared among the origin and destination countries on all export volumes. Accordingly, the USA, as the largest exporter, significantly impacts the trend of results in worldwide expedited freight services. Non-expedited freight services primarily includes supply chain management and ocean freight services. In addition, BAX Global operates a federally certificated airline, Air Transport International ("ATI"). ATI's results, net of intercompany eliminations, are included in the Americas region. Eliminations/other revenues primarily include intercompany revenue eliminations on shared services. Other operating loss primarily consists of global support costs including global IT costs and goodwill amortization. In 1998, other operating loss also includes additional expenses of approximately $36 million (discussed below). In 1997, other operating loss also includes special consulting expenses of $12.5 million.

The BAX Group reported a net loss of $13.1 million ($0.68 per share) in 1998 as compared to net income of $32.3 million ($1.62 per share) in 1997. Total revenues during 1998 increased $114.6 million (7%) as compared to 1997. The BAX Group reported an operating loss of $11.0 million in 1998 as compared to an operating profit of $56.4 million in 1997. Results for 1998 were adversely affected by additional expenses of approximately $36 million, discussed below, combined with a decrease in the effective tax rate which resulted in a lower tax benefit. Results in 1997 included special consulting expenses of $12.5 million related to the redesign of BAX Global's business processes and new information systems architecture, partially offset by benefits from additional volumes of freight during a Teamsters' strike against United Parcel Service (the "UPS Strike") during the year.

In 1997, the BAX Group reported net income of $32.3 million ($1.62 per share) as compared to net income of $33.8 million ($1.72 per share) in 1996. While revenues during 1997 increased $177.5 million (12%) as compared to 1996, operating profit decreased $0.8 million in 1997 to $56.4 million from $57.2 million reported in 1996. Results for 1997 were adversely impacted by the charge of $12.5 million for special consulting expenses, offset, in part, by benefits from the UPS Strike.

The following is a discussion of the $36 million of additional expenses incurred by BAX Global in 1998:

During early 1997, BAX Global began an extensive review of the company's information technology ("IT") strategy. Through this review, senior management from around the world developed a new global strategy to improve business processes with an emphasis on new information systems intended to enhance productivity and improve the company's competitive position, as well as address and remediate the company's Year 2000 compliance issues. The company ultimately committed up to $120 million to be spent from 1997 to early 2000 to improve information systems and complete Year 2000 initiatives.

However, in conjunction with priorities established by BAX Global's new president and chief executive officer, who joined the company in June 1998, senior management re-examined this global IT strategy. It was determined that the critical IT objectives needed to be accomplished by the end of 1999 were Year 2000 compliance and the consolidation and integration of certain key operating and financial systems, supplemented by process improvement initiatives to enhance these efforts. As a result of this re-examination, senior management determined that certain non-critical, in-process IT software development projects that were begun in late 1997 under the BAX Process Innovation ("BPI") project would be terminated. Therefore, costs relating to these projects, which had previously been capitalized, were written off during the third quarter of 1998. Also as a result of this re-examination, certain existing software applications were found to have no future service potential or value. The combined carrying amount of these assets, which were written off, approximated $16 million. It is management's belief at this time that the current ongoing information technology initiatives that originated from the previously mentioned BPI project are necessary and will be successfully completed and implemented. Such costs are included in selling, general and administrative expenses in the statement of operations for the year ended December 31, 1998.

The Company's BAX Global operations recorded provisions aggregating approximately $13 million related to accounts receivable in the third quarter of 1998. These provisions were needed primarily as the result of the deterioration of the economic and operating environments in certain international markets, primarily Asia/Pacific and Latin America. As a result of a comprehensive review of accounts receivables, undertaken in response to that deterioration, such accounts receivable were not considered cost effective to pursue further and/or improbable of collection. The majority of the additional provisions were included in selling, general and administrative expenses in the statement of operations for the year ended December 31, 1998.

During the third quarter of 1998, BAX Global recorded severance and other expenses of approximately $7 million. The majority of these expenses related to an organizational realignment proposed by newly elected senior management which included a resource streamlining initiative that required the elimination, consolidation or restructuring of approximately 180 employee positions. The positions reside primarily in the USA and in BAX Global's Atlantic region and include administrative and management-level positions. The estimated costs of severance benefits for terminated employees are expected to be paid through early to mid-1999. At this time management has no plans to institute further organizational changes which would require significant costs related to involuntary terminations. The related charge has been included in selling, general and administrative expenses in the statement of operations for the year ended December 31, 1998.

The recent deterioration of economic conditions primarily in Latin America and Asia/Pacific have impacted the financial results of BAX Global through the accrual of additional provisions for receivables in those regions in the second, third and fourth quarters of 1998. The potential for further deterioration of the economies in those regions could again negatively impact the company's results of operations in the future.

BAX GLOBAL

The following is a table of selected financial data for BAX Global on a comparative basis:

(Dollars in thousands-except per pound/shipment amounts)	Years Ended December 31 1998	1997	1996
Worldwide expedited freight services:			
Weight growth rate (a)	3.8%	8.9%	2.9%
Shipment growth rate (a)	(9.7%)	12.0%	1.3%
Weight (million pounds)	1,615.5	1,556.6	1,430.0
Shipments (thousands)	5,238	5,798	5,179
Expedited freight services average:			
Yield (revenue per pound) (b)	$0.941	0.957	0.935
Revenue per shipment (b)	$ 290	257	258
Weight per shipment (pounds)	308	268	276

(a) Compared to the same period in the prior year.

(b) Prior years' international expedited freight revenues have been reclassified to conform to the current year's classification.

BAX Global's worldwide operating revenues increased 7% to $1.8 billion in 1998 as compared to $1.7 billion in 1997, with increases in all geographic regions. BAX Global reported an operating loss of $0.6 million, including the additional expenses of $36 million, as compared to an operating profit of $63.3 million reported in 1997, which included the previously mentioned special consulting expenses of $12.5 million.

Revenues in the Americas increased $38.8 million (3%) in 1998 as compared to 1997, while operating profit decreased from $69.1 million to $55.9 million for the same period. The increase in revenue was primarily due to the inclusion of revenues from the recently acquired ATI. Expedited freight services revenues decreased due to lower volumes and lower average yield. The yield in 1998 was negatively impacted by economic conditions in Asia, resulting in less traffic traveling to the higher yielding Asian markets. In addition, 1997 reflects higher average pricing, which benefited from the UPS Strike, as well as shipment surcharges which were phased out in early 1998. The decrease in operating profit in the Americas region, is due to higher levels of transportation and operating costs, as a percentage of revenues, in the USA incurred in anticipation of higher volumes along with higher initial ATI operating costs. Operating profit in 1997 included a benefit from the previously mentioned UPS Strike.

In 1998, Atlantic revenues increased $20.4 million (7%), while operating profit decreased $1.8 million, as compared to 1997. The increase in revenue was due to the full year effect of the 1997 Cleton & Co. ("Cleton") acquisition (discussed below), along with similar effects from the acquisition in late 1997 of an air freight agent in South Africa. Operating profit in the Atlantic decreased due largely to lower operating profits in the United Kingdom which reflected higher recurring IT costs in 1998. Revenues and operating profit in the Pacific increased $63.5 million (25%) and $1.2 million (11%), respectively, in 1998 as compared to a year earlier. The increase in revenue is due to the formation in early 1998 of a joint venture partnership with an air freight agent in South Korea, combined with higher revenues in Singapore resulting from the award of several new supply chain management services contracts during the year. The favorable impacts of these events increased operating profits, which were partially offset by lower operating results in India resulting from increased provisions for bad debts.

Eliminations/other revenue increased during 1998 primarily due to increases in eliminations as a result of increases in revenues. Other operating loss increased $50.2 million primarily due to the inclusion in 1998 of the $36 million aforementioned additional expenses. In addition, higher global IT costs including Year 2000 initiatives significantly impacted other operating loss. Other operating loss in 1997 was negatively impacted by special consulting expenses of $12.5 million.

BAX Global's worldwide operating revenues increased 12% to $1.7 billion in 1997 as compared to $1.5 billion in 1996, with growth across all geographic regions. BAX Global reported operating profit of $63.3 million in 1997, including the aforementioned $12.5 million of consulting expenses, as compared to an operating profit of $64.6 million reported in 1996.

Revenues in the Americas increased $114.5 million (11%) in 1997 as compared to 1996, while operating profit increased from $60.5 million to $69.1 million for the same period. The increase in revenue is primarily due to an increase in expedited freight services which experienced a 9% growth in weight shipped combined with a higher average yield on this volume. The yield in 1997 was higher due to the effects of the UPS Strike coupled with shipment surcharges which were initiated in late 1996. Operating profit in 1997 also benefited from the effects of the UPS Strike, as well as improved margins on USA exports. These benefits were only partially offset by higher transportation expenses associated with additional capacity to improve customer service and by the inclusion in 1996 of Federal excise tax liabilities reductions.

In 1997, Atlantic revenues increased $23.3 million (8%) and operating profit increased $2.8 million, as compared to 1996. The increase in both revenue and profit is due primarily to the expansion of supply chain management services through the Cleton acquisition which is discussed below, and higher results in the United Kingdom, due to an increase in new business.

Revenues and operating profit in the Pacific increased $34.4 million (16%) and $1.9 million (19%), respectively, in 1997 as compared to a year earlier. The increase in both revenue and profit is due to growth in the majority of countries within the region.

Other revenue eliminations decreased $5.2 million in 1997 while the other operating loss increased $14.6 million. The higher level of other operating loss in 1997 is primarily due to the inclusion of the $12.5 million special consulting expenses.

On April 30, 1998, BAX Global acquired the privately held ATI for approximately $29 million in a transaction accounted for as a purchase. ATI is a US-based freight and passenger airline which operates a certificated fleet of DC-8 aircraft providing services to BAX Global and other customers. The ATI acquisition is part of BAX Global's strategy to improve the quality of its service offerings for its customers by increasing its control over flight operations. As a result of this transaction, BAX Global suspended its efforts to start up its own federally certificated airline carrier operations.

In June 1997, BAX Global completed its acquisition of Cleton, a leading logistics provider in the Netherlands. BAX Global acquired Cleton for the equivalent of US $10.7 million in cash and the assumption of the equivalent of US $10.0 million of debt. Additional contingent payments ranging from the current equivalent of US $0 to US $1.6 million will be paid in 1999 based on certain performance criteria of Cleton.

FOREIGN OPERATIONS

A portion of the BAX Group's financial results is derived from activities in a number of foreign countries located in Europe, Asia and Latin America, each with a local currency other than the US dollar. Because the financial results of the BAX Group are reported in US dollars, they are affected by changes in the value of the various foreign currencies in relation to the US dollar. Changes in exchange rates may also adversely affect transactions which are denominated in currencies other than the functional currency. BAX Global periodically enters into such transactions in the course of its business. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency fluctuations may have in any one country on the translated results. BAX Global, from time to time, uses foreign currency forward contracts to hedge transactional risks associated with foreign currencies. (See "Market Risk Exposures" below.) Translation adjustments of net monetary assets and liabilities denominated in the local currency relating to operations in countries with highly inflationary economies are included in net income, along with all transaction gains or losses for the period. A subsidiary in Mexico operates in such a highly inflationary economy. Prior to January 1, 1998, the economy in Brazil, in which the BAX Group has a subsidiary, was also considered highly inflationary. As of January 1, 1999, the economy of Mexico will no longer be considered hyperinflationary.

The BAX Group is also subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions, political instability, controls on repatriation of earnings and capital, nationalization, expropriation and other forms of restrictive action by local governments. The future effects, if any, of such risks on the BAX Group cannot be predicted.

CORPORATE EXPENSES

A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the BAX Group based upon utilization and other methods and criteria which management believes to provide an equitable and reasonable estimate of the costs attributable to the BAX Group. These attributions were $10.4 million, $6.9 million and $7.4 million in 1998, 1997 and 1996, respectively.

Corporate expenses in 1998 include additional expenses of approximately $5.8 million related to a retirement agreement between the Company and its former Chairman and CEO. Approximately $2.0 million of this $5.8 million of expenses have been attributed to the BAX Group. Corporate expenses in the 1998 period also include costs associated with a severance agreement with a former member of the Company's senior management.

Higher 1996 corporate expenses were primarily due to the relocation of the Company's corporate headquarters to Richmond, Virginia, during September 1996, which amounted to $2.9 million. Approximately $1 million of these costs were attributed to the BAX Group.

OTHER OPERATING INCOME/EXPENSE, NET

Other net operating expense was $0.3 million in 1998 as compared to net operating income of $2.5 million and $1.5 million in 1997 and 1996, respectively. Other operating income/expense principally includes foreign exchange transaction gains and losses, and the changes for the comparable periods are due to normal fluctuations in such gains and losses.

INTEREST EXPENSE, NET

Net interest expense for 1998 increased $2.8 million to $7.2 million and increased $2.8 million in 1997 to $4.4 million from $1.6 million in 1996. The increase in both years is primarily due to the higher levels of debt associated with acquisitions and increased IT expenditures, including those associated with Year 2000 compliance efforts.

OTHER INCOME/EXPENSE, NET

In 1998, other net income was $1.8 million, as compared to a net expense of $0.7 million and $2.0 million in 1997 and 1996, respectively. The increased income in 1998 is due to a gain on the sale of surplus aircraft in 1998, while other net expense in 1996 includes a loss for the termination of an overseas sublease agreement.

INCOME TAXES

In 1998, the credit for income taxes was impacted by significantly higher additional expenses which caused non-deductible items (principally goodwill amortization) to be a more significant factor in calculating the effective tax rate. Accordingly, the calculation of tax benefits on the pre-tax loss for 1998 has been determined using an effective tax rate of 20% which is less than the statutory rate of 35% and less than the 37% rate used in previous years. It is anticipated that the effective tax rate will return to more historic levels in 1999.

The rate used to calculate the provision for income taxes was 37% in 1997 and 1996. These rates exceeded the statutory federal income tax rate of 35% primarily due to provisions for state income taxes and goodwill amortization, partially offset by lower taxes on foreign income.

FINANCIAL CONDITION

A portion of the Company's corporate assets and liabilities has been attributed to the BAX Group based upon utilization of the shared services from which assets and liabilities are generated. Management believes this attribution to provide an equitable and reasonable estimate of the assets and liabilities attributable to the BAX Group.

Corporate assets, which were allocated to the BAX Group consisted primarily of pension assets and deferred income taxes and amounted to $10.1 million at December 31, 1998 and $11.3 million at December 31, 1997.

CASH FLOW REQUIREMENTS

Cash provided by operating activities totaled $97.0 million in 1998, an increase of $25.5 million from $71.5 million in 1997. Although net income decreased $45.4 million, lower funding requirements for working capital and higher non-cash charges more than offset this decrease. Cash generated from operating activities was not sufficient to fund investing (primarily acquisitions, aircraft heavy maintenance and capital expenditures) and share activities. As a result, net cash borrowings approximated $61.1 million.

CAPITAL EXPENDITURES

Cash capital expenditures for 1998 totaled $75.8 million compared to cash capital expenditures in 1997 of $31.1 million. Capital expenditures made during 1998 included expenditures related to the maintenance of ongoing operations and the investment in new information systems.

Cash capital expenditures in 1999 are currently expected to approximate $50 million. The 1999 estimated expenditures are approximately $25 million lower than the 1998 level due to the reduced IT expenditures. In addition to these capital expenditures, BAX Global anticipates spending approximately $50 million on aircraft heavy maintenance in 1999 versus $40.5 million in 1998. The foregoing amounts exclude expenditures that have been or are expected to be financed through capital and operating leases and any acquisition expenditures.

FINANCING

The BAX Group intends to fund capital expenditures through cash flow from operating activities or through operating leases if the latter are financially attractive. Shortfalls, if any, will be financed through the Company's revolving credit agreements and other borrowing arrangements.

Total debt outstanding at December 31, 1998 was $140.9 million an increase of $69.6 million from the $71.3 million reported at December 31, 1997. The net increase in debt primarily reflects additional borrowings related to IT investments and the ATI acquisition in mid-1998.

The Company has a $350.0 million credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31, 1998 and 1997, borrowings of $100.0 million were outstanding under the term loan portion of the Facility and $91.6 million and $25.9 million, respectively, of additional borrowings were outstanding under the remainder of the Facility. Of the total outstanding amount under the Facility at December 31, 1998 and 1997, $60.9 million and $10.9 million was attributed to the BAX Group respectively.

In July 1997, the Company repaid the $14.3 million 4% subordinated debentures attributed to the BAX Group, which were outstanding at December 31, 1996. Borrowings under the Facility were used to make this payment.

Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398 million at December 31, 1998.

RELATED PARTY TRANSACTIONS

At December 31, 1997, under an interest bearing borrowing arrangement, the Minerals Group had no borrowings from the BAX Group at December 31,1998 or 1997.

At December 31, 1998 and 1997, the BAX Group owed the Minerals Group $20.4 million and $18.2 million, respectively, for tax payments representing Minerals Group's tax benefits utilized by the BAX Group in accordance with the Company's tax sharing policy. Approximately $7.0 million of the amount owed at December 31, 1998 is expected to be paid within one year. The BAX Group paid the Minerals Group $3.3 million for the utilization of such tax benefits during 1998.

MARKET RISK EXPOSURES

The BAX Group has activities in a number of foreign countries located in Europe, Asia and Latin America, which expose it to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates, and commodity prices. These financial exposures are monitored and managed by the BAX Group as an integral part of its overall risk management program. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency rate fluctuations may have in any one country on the translated results. The BAX Group's risk management program considers this favorable diversification effect as it measures the BAX Group's exposure to financial markets and as appropriate, seeks to reduce the potentially adverse effects that the volatility of certain markets may have on its operating results.

BAX Global enters into various derivative and non-derivative hedging instruments, as discussed below, to hedge its foreign currency, interest rate, and commodity exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. Management of BAX Global does not expect any losses due to such counterparty default.

The BAX Group assesses interest rate, foreign currency, and commodity risks by continually identifying and monitoring changes in interest rate, foreign currency and commodity exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The BAX Group maintains risk management control systems to monitor these risks attributable to both BAX Global's outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates, foreign currency rates and commodity prices on BAX Global's future cash flows. BAX Global does not use derivative instruments for purposes other than hedging.

The sensitivity analyses discussed below for the market risk exposures were based on several assumptions. The disclosures with respect to foreign exchange, interest rate, and commodity risks do not take into account forecasted foreign exchange, interest rate, or commodity transactions. Actual results will be determined by a number of factors that are not under management's control and could vary significantly from those disclosed.

Interest Rate Risk

BAX Global primarily uses variable-rate debt denominated in US dollars and foreign currencies, including Singapore dollars and Dutch guilders, to finance its foreign operations. These debt obligations expose BAX Global to variability in interest expense due to changes in the general level of interest rates in these countries.

Based on the overall interest rate level of both US dollar and foreign currency denominated variable rate debt outstanding at December 31, 1998, a hypothetical 10% change (as a percentage of interest rates on outstanding debt) in BAX Global's effective interest rate from year-end 1998 levels would increase or decrease interest expense by approximately $0.8 million. The effect on the fair value of foreign currency denominated fixed rate debt for a hypothetical 10% uniform shift (as a percentage of market interest rates) in the yield curves for interest rates in various countries from year-end 1998 levels would be immaterial.

Foreign Currency Risk

BAX Global has certain exposures to the effects of foreign exchange rate fluctuations on reported results in US dollars of foreign operations. Due in part to the favorable diversification effects resulting from operations in various countries located in Europe, Asia and Latin America, including Canada, Australia, the United Kingdom, France, Holland, South Africa, Mexico, Brazil, Singapore, Japan, and India, BAX Global does not generally enter into foreign exchange hedges to mitigate these exposures. BAX Global is exposed periodically to the foreign currency rate fluctuations that affect transactions not denominated in the functional currency of domestic and foreign operations. To mitigate these exposures, BAX Global, from time to time, enters into foreign currency forward contracts. The currency contracts outstanding during the period were immaterial to the results of the BAX Group.

In addition, BAX Global has investments in a number of foreign subsidiaries whose assets and liabilities are translated at exchange rates at the balance sheet date. Resulting cumulative translation adjustments are recorded as a separate component of shareholder's equity and expose BAX Global to adjustments resulting from foreign exchange rate volatility.

The effects of a hypothetical simultaneous 10% appreciation in the US dollar from year end 1998 levels against all other currencies of countries in which the BAX Group operates were measured for their potential impact on: 1) translation of earnings into US dollars based on 1998 results, 2) transactional exposures, and 3) translation of balance sheet equity accounts. The hypothetical effects would be approximately $0.9 million unfavorable for the translation of earnings into US dollars, approximately $1.6 million unfavorable earnings effect for transactional exposures, and approximately $7.9 million unfavorable for the translation of balance sheet equity accounts.

Commodities Price Risk

BAX Global consumes jet fuel in the normal course of its business and utilizes derivative instruments to minimize the variability in forecasted cash flows due to adverse price movements in jet fuel. BAX Global enters into forward swap contracts for the purchase of jet fuel to fix a certain portion of BAX Global's forecasted fuel costs at specific price levels. BAX Global also utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of jet fuel.

The following table represents BAX Global's outstanding commodity hedge contracts as of December 31, 1998:

(In thousands, except average contract rates)	Notional Amount (gallons)	Average Contract Rate	Estimated Fair Value
Forward swap contracts:			
Jet fuel purchases (fixed pay)	16,000	$0.4923	$(2,133)

READINESS FOR YEAR 2000: SUMMARY

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. If not corrected, many date-sensitive applications could fail or create erroneous results by or in the year 2000. The BAX Group understands the importance of having systems and equipment operational through the year 2000 and beyond and is committed to addressing these challenges while continuing to fulfill its business obligations to its customers and business partners. BAX has established a year 2000 Project Team intended to make its information technology assets, including embedded microprocessors ("IT assets"), non-IT assets, products, services and infrastructure Year 2000 compliant.

READINESS FOR YEAR 2000: STATE OF READINESS

The BAX Global Year 2000 Project Team has divided its Year 2000 readiness program into five phases: (i) inventory (ii) assess and test, (iii) renovate, (iv) test and verify and (v) implement. At December 31, 1998, on a global basis, the inventory phase has been completed in the US and Europe and is substantially complete in Asia. During the first quarter of 1999, the inventory phase was completed on a global basis. Assessment of major systems in the Americas and Europe has been completed, with readiness testing now underway. Assessment is currently underway in Asia. Renovation activities for major systems are in process as are replacement activities for non-compliant components and systems that are not scheduled for renovation. Testing has also begun for systems that have been renovated. The BAX Group plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000. As of December 31, 1998, more than 30% of the BAX Group's IT and non-IT assets systems have been tested and verified as Year 2000 ready.

As part of its Year 2000 project, the BAX Group has sent comprehensive questionnaires to significant suppliers and others with whom it does business, regarding their Year 2000 readiness and is in the process of identifying any problem areas with respect to these business partners. The BAX Group is relying on such third parties representations regarding their own readiness for Year 2000. The extent to which any of these potential problems may have a material adverse impact on the BAX Group's operations is being assessed and will continue to be assessed throughout 1999.

Further, the BAX Group relies upon government agencies (particularly the Federal Aviation Administration and customs agencies worldwide), utility companies, telecommunication service companies and other service providers outside of its control. According to a recent General Accounting Office report to Congress, some airports will not be prepared for the Year 2000 and the problems these airports experience could impede traffic flow throughout the nation. As with most companies, the BAX Group is vulnerable to significant suppliers' and other third parties inability to remedy their own Year 2000 issues. As the BAX Group cannot control the conduct of its customers, suppliers and other third parties, there can be no guarantee that Year 2000 problems originating with a supplier or another third party will not occur.

READINESS FOR YEAR 2000: COSTS TO ADDRESS

The BAX Group anticipates incurring remediation and acceleration costs for its Year 2000 readiness program. Remediation includes the identification, assessment, remediation and testing phases of the Year 2000 readiness program. Remediation costs include both the costs of modifying existing software and hardware as well as purchases that replace existing hardware and software that is not Year 2000 ready. Acceleration costs include costs to purchase and/or develop and implement certain information technology systems whose implementation have been accelerated as a result of the Year 2000 readiness issue.

Total anticipated remediation and acceleration costs are detailed in the table below:

	Acceleration		
(In millions)	Capitalized	Expensed	Total
Total anticipated Year 2000 costs	$ 18.3	4.8	23.1
Incurred through December 31, 1998	11.5	1.3	12.8
Remainder	$ 6.8	3.5	10.3

	Remediation		
	Capitalized	Expensed	Total

Total anticipated Year 2000 costs	$ 5.0	14.0	19.0
Incurred through December 31, 1998	1.3	8.5	9.8
Remainder	$ 3.7	5.5	9.2

	Capitalized	Total Expensed	Total
Total anticipated Year 2000 costs	$ 23.3	18.8	42.1
Incurred through December 31, 1998	12.8	9.8	22.6
Remainder	$ 10.5	9.0	19.5

READINESS FOR YEAR 2000: THE RISKS OF THE YEAR 2000 ISSUE

The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect results of operations, liquidity and financial

condition of the BAX Group. The extent to which such a failure may adversely affect operations is being assessed. The BAX Group believes its most reasonably likely worst case scenario is that it will experience a number of minor system malfunctions and errors in the early days and weeks of the Year 2000 that were not detected during its renovation and testing efforts. The BAX Group currently believes that these problems will not be overwhelming and are not likely to have a material effect on the company's operations or financial results. As noted above, the BAX Group is vulnerable to significant suppliers', customers' and other third parties' (particularly government agencies such as the Federal Aviation Administration and customs agencies worldwide) inability to remedy their own Year 2000 issues. As the BAX Group cannot control the conduct of its suppliers or other third parties, there can be no guarantee that Year 2000 problems originating with a supplier, customer or other third party will not occur. However, the BAX Group's program of communication with and assessments of major third parties with whom they do business is intended to minimize any potential risks related to third party failures.

READINESS FOR YEAR 2000: CONTINGENCY PLAN

During the first quarter of 1999, the BAX Group began developing a contingency plan for dealing with its most reasonably likely worst case scenario. The foundation for the BAX Group's Year 2000 readiness program is to ensure that all mission-critical systems are renovated/replaced and tested at least six months prior to when a Year 2000 failure might occur if the program were not undertaken. Year 2000 is the number one priority within the BAX Group's IT organization with full support of the Group's Chief Executive Officer.

READINESS FOR YEAR 2000: FORWARD LOOKING INFORMATION

This discussion of the BAX Group's readiness for Year 2000, including statements regarding anticipated completion dates for various phases of the BAX Group's Year 2000 project, estimated costs for Year 2000 readiness, the determination of likely worst case scenarios, actions to be taken in the event of such worst case scenarios and the impact on the BAX Group's of any delays or problems in the implementation of Year 2000 initiatives by the BAX Group and/or any public or private sector suppliers and service providers and customers involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the BAX Group, include, but are not limited to, government regulations and/or legislative initiatives, variation in costs or expenses relating to the implementation of Year 2000 initiatives, changes in the scope of improvements to Year 2000 initiatives and delays or problems in the implementation of Year 2000 initiatives by the BAX Group and/or any public or private sector suppliers and service providers and customers.

EURO CONVERSION

As part of the European Economic and Monetary Union, a single currency (the "Euro") will replace the national currencies of most of the European countries in which the Company conducts business. The conversion rates between the Euro and the participating nations' currencies were fixed irrevocably as of January 1, 1999, with the participating national currencies being removed from circulation between January 1 and June 30, 2002 and replaced by Euro notes and coinage. The Company is able to receive Euro denominated payments and invoice in Euro as requested by vendors and suppliers as of January 1, 1999 in the affected countries. Full conversion of all affected country operations to the Euro is expected to be completed by the time national currencies are removed from circulation. The effects of the conversion to the Euro on revenues, costs and various business strategies is not expected to be material.

CONTINGENT LIABILITIES

Under the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act"), the Company and its majority-owned subsidiaries at July 20, 1992, including certain companies of the BAX Group are jointly and severally liable with certain companies of the Minerals Group and of the Brink's Group for the costs of health care coverage provided for by that Act. For a description of the Health Benefit Act and certain such costs, see Note 14 to the Company's consolidated financial statements. At this time, the Company expects the Minerals Group to discharge its obligations under the Act.

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.6 million and $11.2 million and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgment. In its

decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation at the Tankport site will not significantly adversely impact the BAX Group's results of operations or financial position.

CAPITALIZATION

The Company has three classes of common stock: BAX Stock, Pittston Brink's Group Common Stock ("Brink's Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") which were designed to provide shareholders with separate securities reflecting the performance of the BAX Group, Brink's Group and Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The BAX Group consists of the BAX Global operations of the Company. The Brink's Group consists of the Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of the Company. The Minerals Group consists of the Pittston Coal Company ("Pittston Coal") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company. The Company prepares separate financial statements for the BAX, Brink's and Minerals Groups in addition to consolidated financial information of the Company.

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80.5 million (161,000 shares) of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), convertible into Minerals Stock. The Convertible Preferred Stock, which is attributable to the Minerals Group, pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board and bears a liquidation preference of $500 per share, plus an attributed amount equal to accrued and unpaid dividends thereon.

Under the share repurchase programs authorized by the Board of Directors of the Company (the "Board"), the Company purchased shares in the periods presented as follows:

(Shares in thousands, dollars in millions)	Years Ended December 31 1998	1997
BAX Stock:		
Shares	1,047	332
Cost	$ 12.7	7.4
Convertible Preferred Stock:		
Shares	0.4	1.5
Cost	$ 0.1	0.6
Excess carrying amount (a)	$ 0.0	0.1

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years which is deducted from preferred dividends in the Company's Statement of Operations.

The Company had the remaining authority to repurchase an additional $24.2 million of the Convertible Preferred stock as of December 31, 1998. As of December 31, 1998 the Company had remaining authority to purchase over time 1.5 million shares of BAX Stock. The aggregate purchase price limitation for all common stock was $24.7 million at December 31, 1998. The authority to repurchase shares remains in effect in 1999.

DIVIDENDS

The Board intends to declare and pay dividends, if any, on BAX Stock based on the earnings, financial condition, cash flow and business requirements of the BAX Group. Since the Company remains subject to Virginia law limitations on dividends, losses by the Minerals Group or the Brink's Group could affect the Company's ability to pay dividends in respect of stock relating to the BAX Group.

During 1998 and 1997, the Board declared and the Company paid dividends on BAX Stock amounting to $0.24 per share.

In 1998 and 1997, dividends paid on the Convertible Preferred Stock were $3.5 million and $3.6 million, respectively.

ACCOUNTING CHANGES

The BAX Group adopted SFAS No. 130, "Reporting Comprehensive Income," in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the BAX Group implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and

amortized over the estimated useful life of the software. As a result of the implementation of SOP No. 98-1, net loss for the year ended December 31, 1998, included a benefit of approximately $2.1 million ($0.11 per share) for costs capitalized during those periods which would have been expensed prior to the implementation of SOP No. 98-1.

The BAX Group implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of Business Enterprise." SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 16.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the BAX Group has elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. In accordance with the transition provisions of SFAS No. 133, the BAX Group recorded a net transition adjustment resulting in a gain of $0.2 million (net of related income taxes of $0.1 million) in accumulated other comprehensive income at October 1, 1998 in order to recognize at fair value derivatives that are designated as cash-flow hedging instruments.

PENDING ACCOUNTING CHANGES

In April 1998, the AICPA issued SOP No. 98-5, "Reporting on the Costs of Start-Up Activities." SOP No. 98-5, which provides guidance on the reporting of start-up costs and organization costs, requires that such costs be expensed as incurred. This SOP is effective for the BAX Group for the year beginning January 1, 1999. Initial application of the SOP is required to be reported as a cumulative effect of a change in accounting principle as of the beginning of the year of adoption. Management does not expect that the implementation of the new statement will have a material impact on the BAX Group's results of operations and/or financial position.

FORWARD LOOKING INFORMATION

Certain of the matters discussed herein, including statements regarding severance benefits, the economies of Latin America and Asia/Pacific, projections about market risks, effective tax rates, the Minerals Group's ability to discharge its Health Benefit Act obligations, environmental clean-up estimates, the readiness for Year 2000 and the conversion to the Euro, projected capital spending and the continuation of information technology initiatives, involve forward looking information which is subject to known and unknown risks, uncertainties and contingencies, which could cause actual results, performance or achievements to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the BAX Group and the Company, include, but are not limited to, overall economic and business conditions, the demand for BAX Global's services, pricing and other competitive factors in the industry, new government regulations and/or legislative initiatives, insufficient cash flow of the Minerals Group, variations in costs or expenses, changes in the scope of improvements to information systems and Year 2000 and/or Euro initiatives, delays or problems in the implementation of Year 2000 and/or Euro initiatives by BAX Global and/or any public or private sector suppliers, service providers and customers and delays or problems in the design and implementation of improvements to information systems.

STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The Pittston Company (the "Company") is responsible for preparing the accompanying Pittston BAX Group (the "BAX Group") financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles. Management has also prepared the other information in the annual report and is responsible for its accuracy.

In meeting our responsibility for the integrity of the financial statements, we maintain a system of internal controls designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorization and that the accounting records provide a reliable basis for the preparation of the financial statements. Qualified personnel throughout the organization maintain and monitor these internal controls on an ongoing basis. In addition, the Company maintains an internal audit department that systematically reviews and reports on the adequacy and effectiveness of the controls, with management follow-up as appropriate.

Management has also established a formal Business Code of Ethics which is distributed throughout the Company. We acknowledge our responsibility to establish and preserve an environment in which all employees properly understand the fundamental importance of high ethical standards in the conduct of our business.

The accompanying financial statements have been audited by KPMG LLP, independent auditors. During the audit they review and make appropriate tests of accounting records and internal controls to the extent they consider necessary to express an opinion on the BAX Group's financial statements.

The Company's Board of Directors pursues its oversight role with respect to the BAX Group's financial statements through the Audit and Ethics Committee, which is composed solely of outside directors. The Committee meets periodically with the independent auditors, internal auditors and management to review the Company's control system and to ensure compliance with applicable laws and the Company's Business Code of Ethics.

We believe that the policies and procedures described above are appropriate and effective and do enable us to meet our responsibility for the integrity of the BAX Group's financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying balance sheets of Pittston BAX Group (as described in Note 1) as of December 31, 1998 and 1997, and the related statements of operations, shareholder's equity and cash flows for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of The Pittston Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements of Pittston BAX Group present fairly, in all material respects, the financial position of Pittston BAX Group as of December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

As more fully discussed in Note 1, the financial statements of Pittston BAX Group should be read in connection with the audited consolidated financial statements of The Pittston Company and subsidiaries.

As more fully discussed in Note 1 to the financial statements, Pittston BAX Group changed its method of accounting for costs of computer software developed for internal use and derivative instruments and hedging activities in 1998.

KPMG LLP

KPMG LLP
Richmond, Virginia

January 27, 1999

Pittston BAX Group

BALANCE SHEETS

(In thousands)	December 31 1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 30,676	28,790
Accounts receivable:		
Trade	290,613	302,860
Other	10,497	14,056
	301,110	316,916
Less estimated uncollectible amounts	15,625	10,110
	285,485	306,806
Inventories	4,560	1,359
Prepaid expenses and other current assets	7,789	11,050
Deferred income taxes (Note 8)	9,090	7,159
Total current assets	337,600	355,164
Property, plant and equipment, at cost (Note 5)	300,780	207,447
Less accumulated depreciation and amortization	95,409	78,815
	205,371	128,632
Intangibles, net of accumulated amortization (Note 6)	177,969	174,791
Deferred pension assets (Note 14)	3,785	7,600
Deferred income taxes (Note 8)	33,377	19,814
Other assets	17,196	15,442
Total assets	$775,298	701,443
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term borrowings (Note 9)	$ 38,749	31,071
Current maturities of long-term debt (Note 9)	3,965	3,176
Accounts payable	190,746	194,489
Payable--Pittston Minerals Group (Note 2)	7,000	4,966
Accrued liabilities:		
Taxes	13,475	14,958
Heavy maintenance reserve	29,382	21,242
Payroll and vacation	20,416	18,380
Miscellaneous (Note 14)	42,208	23,783
	105,481	78,363
Total current liabilities	345,941	312,065
Long-term debt, less current maturities (Note 9)	98,191	37,016
Postretirement benefits other than pensions (Note 14)	3,954	3,518
Deferred income taxes (Note 8)	1,624	1,447
Payable--Pittston Minerals Group (Note 2)	13,355	13,239
Other liabilities	11,963	10,448
Commitments and contingent liabilities (Notes 9, 13 and 17)		
Shareholder's equity (Notes 3, 11 and 12)	300,270	323,710
Total liabilities and shareholder's equity	$775,298	701,443

See accompanying notes to financial statements.

Pittston BAX Group

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1998	1997	1996
Operating revenues	$ 1,776,980	1,662,338	1,484,869
Costs and expenses:			
Operating expenses	1,571,663	1,455,336	1,301,974
Selling, general and administrative expenses (including a $15,723 write-off of long-lived assets in 1998)	215,997	153,104	127,254
Total costs and expenses	1,787,660	1,608,440	1,429,228
Other operating income (expense), net	(311)	2,507	1,530
Operating profit (loss)	(10,991)	56,405	57,171
Interest income (Note 2)	1,012	820	2,463
Interest expense (Note 2)	(8,162)	(5,211)	(4,097)
Other income (expense), net	1,778	(679)	(2,028)
Income (loss) before income taxes	(16,363)	51,335	53,509
Provision (credit) for income taxes (Note 8)	(3,272)	18,987	19,708
Net income (loss)	$ (13,091)	32,348	33,801
Net income (loss) per common share (Note 10):			
Basic	$ (0.68)	1.66	1.76
Diluted	(0.68)	1.62	1.72
Weighted average common shares outstanding (Note 10):			
Basic	19,333	19,448	19,223
Diluted	19,333	19,993	19,681

See accompanying notes to financial statements.

Pittston BAX Group

STATEMENTS OF SHAREHOLDER'S EQUITY

(In thousands)	1998	1997	1996
	Years Ended December 31		
Balance, beginning of year	$ 323,710	304,989	271,853
Comprehensive income (loss):			
Net income (loss)	(13,091)	32,348	33,801
Other comprehensive income, net of tax:			
Foreign currency translation adjustments, net of tax effect of $492, ($197) and $23	1,131	(8,315)	(171)
Cash flow hedges:			
Transition adjustment, net of tax of ($132)	223	--	--
Net cash flow hedge losses, net of tax of $1,422	(2,421)	--	--
Reclassification adjustment, net of tax effect of ($534)	909	--	--
Other, net of tax of ($64)	109	--	--
Comprehensive income (loss)	(13,140)	24,033	33,630
BAX stock options exercised (Note 11)	1,868	2,389	2,970
BAX shares released from employee benefits trust to employee benefits plan (Note 12)	4,067	3,604	3,017
Retirement of BAX stock under share repurchase programs (Note 12)	(12,674)	(7,405)	(1,407)
Common dividends declared (Note 12)	(4,642)	(4,805)	(4,707)
Cost of Brink's stock proposal (Note 11)	--	--	(1,237)
Tax benefit of BAX stock options exercised (Note 8)	1,106	905	870
Other	(25)	--	--
Balance at end of period	$ 300,270	323,710	304,989

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31 1998	1997	1996
Cash flows from operating activities:			
Net (loss) income	$ (13,091)	32,348	33,801
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash charges and other write-offs	20,124	--	--
Depreciation and amortization	35,527	29,905	23,427
Provision for aircraft heavy maintenance	39,821	34,057	32,057
Credit for deferred income taxes	(11,383)	(1,429)	(2,830)
Provision for pensions, noncurrent	3,411	1,606	1,461
Provision for uncollectible accounts receivable	12,933	4,461	3,009
(Gain) loss on sales of property, plant and equipment	(2,952)	69	130
Other operating, net	6,158	2,522	1,786
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Decrease (increase) in accounts receivable	16,689	(43,012)	(33,875)
(Increase) decrease in inventories	(2,066)	893	(569)
Decrease in prepaid expenses	2,190	1,638	1,249
(Decrease) increase in accounts payable and accrued liabilities	(9,690)	13,534	5,300
Increase in other assets	(145)	(9,479)	(272)
Increase (decrease) in other liabilities	3,895	2,819	(824)
Other, net	(4,402)	1,576	(761)
Net cash provided by operating activities	97,019	71,508	63,089
Cash flows from investing activities:			
Additions to property, plant and equipment	(75,814)	(31,064)	(61,321)
Proceeds from disposal of property, plant and equipment	7,139	75	3,898
Aircraft heavy maintenance expenditures	(40,466)	(29,748)	(23,373)
Acquisitions, net of cash acquired, and related contingency payments	(28,835)	(9,131)	(2,944)
Other, net	(2,933)	4,857	4,757
Net cash used by investing activities	(140,909)	(65,011)	(78,983)
Cash flows from financing activities:			
Additions to debt	96,714	39,009	3,584
Reductions of debt	(35,636)	(32,663)	(3,948)
Payments from Minerals Group, net	--	7,696	12,179
Repurchase of common stock	(12,783)	(7,407)	(1,406)
Proceeds from exercise of stock options and employee stock purchase plan	1,868	2,389	3,207
Dividends paid	(4,387)	(4,549)	(4,514)
Cost of stock proposal	--	--	(1,237)
Net cash provided by financing activities	45,776	4,475	7,865
Net increase (decrease) in cash and cash equivalents	1,886	10,972	(8,029)
Cash and cash equivalents at beginning of period	28,790	17,818	25,847
Cash and cash equivalents at end of period	$ 30,676	28,790	17,818

See accompanying notes to consolidated financial statements.

Pittston BAX Group

NOTES TO FINANCIAL STATEMENTS

(In thousands, except per share amount)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

As used herein, the "Company" includes The Pittston Company except as otherwise indicated by the context. The Company is comprised of three separate groups - Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group. The financial statements of the BAX Group include the balance sheets, the results of operations and cash flows of the BAX Inc. ("BAX") operations of the Company, and a portion of the Company's corporate assets and liabilities and related transactions which are not specifically identified with operations of a particular segment. The BAX Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate allocations reflected in these financial statements are determined based upon methods which management believes to provide a reasonable and equitable allocation of such items (Note 2).

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

The Company provides to holders of Pittston BAX Group Common Stock ("BAX Stock") separate financial statements, financial review, descriptions of business and other relevant information for the BAX Group in addition to the consolidated financial information of the Company. Notwithstanding the attribution of assets and liabilities (including contingent liabilities) among the Minerals Group, the Brink's Group and the BAX Group for the purpose of preparing their respective financial statements, this attribution and the change in the capital structure of the Company as a result of the approval of the Brink's Stock Proposal did not affect legal title to such assets or responsibility for such liabilities for the Company or any of its subsidiaries. Holders of BAX Stock are common shareholders of the Company, which continues to be responsible for all its liabilities. Financial impacts arising from one group that affect the Company's financial condition could affect the results of operations and financial condition of each of the groups. Since financial developments within one group could therefore affect other groups, all shareholders of the Company could be adversely affected by an event directly impacting only one group. Accordingly, the Company's consolidated financial statements must be read in connection with the BAX Group's financial statements.

PRINCIPLES OF COMBINATION

The accompanying financial statements reflect the combined accounts of the business comprising the BAX Group and their majority-owned subsidiaries. The BAX Group's interests in 20% to 50% owned companies are carried on the equity method unless control exists, in which case, consolidation accounting is used. All material intercompany items and transactions have been eliminated in combination. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits and investments with original maturities of three months or less.

INVENTORIES

Inventories are stated at cost (determined under the first-in, first-out or average cost method) or market, whichever is lower.

PROPERTY, PLANT AND EQUIPMENT

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight-line method at varying rates depending upon estimated useful lives.

INTANGIBLES

The excess of cost over fair value of net assets of businesses acquired is amortized on a straight-line basis over the estimated periods benefited.

The BAX Group evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of asset value or useful lives. The BAX Group annually assesses the recoverability of the excess of cost over net assets acquired by determining whether the amortization of the asset balance over its remaining life can be recovered through projected undiscounted future operating cash flows. Evaluation of asset value as well as periods of amortization are performed on a disaggregated basis.

INCOME TAXES

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference

between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse.

See Note 2 for allocation of the Company's US federal income taxes to the BAX Group.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Postretirement benefits other than pensions are accounted for in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

STOCK BASED COMPENSATION

The BAX Group has implemented the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation" (Note 11). The BAX Group continues to measure compensation expense for its stock-based compensation plans using the intrinsic value based methods of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of foreign operations have been translated at rates of exchange at the balance sheet date and related revenues and expenses have been translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments have been included in shareholder's equity. Translation adjustments relating to operations in counties with highly inflationary economies are included in net income, along with all transaction gains and losses for the period.

A portion of the BAX Group's financial results is derived from activities a number of foreign countries in Europe, Asia and Latin America, each with a local currency other than the US dollar. Because the financial results of the BAX Group are reported in US dollars, they are affected by changes in the value of various foreign currencies in relation to the US dollar. The diversity of foreign operations helps to mitigate a portion of the foreign currency risks associated with market fluctuations in any one country and the impact on translated results.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

All derivative instruments are recognized on the balance sheet at their fair value. On the date the derivative contract is entered into, the BAX Group designates the derivative as (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge), (3) a foreign-currency fair value or cash flow hedge ("foreign currency" hedge), or (4) a hedge of a net investment in a foreign operation. The BAX Group does not enter into derivative contracts for the purpose of "trading" such instruments and thus has no derivative designation as "held for trading".

Changes in the fair value of a derivative that is highly effective as and that is designated and qualifies as a fair value hedge, along with the loss or gain on the hedged asset or liability that is attributable to the hedged risk (including losses or gains on firm commitments), are recorded currently in earnings. Changes in the fair value of a derivative that is highly effective as and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income, until the forecasted transaction affects earnings. Changes in the fair value of derivatives that are highly effective as and that are designated and qualify as foreign currency hedges are recorded either currently in earnings or other comprehensive income, depending on whether the hedge transaction is a fair value hedge or a cash flow hedge. If, however, a derivative is used as a hedge of a net investment in a foreign operation, its changes in fair value, to the extent effective as a hedge, are recorded in the cumulative translation adjustments account within equity. Any amounts excluded from the assessment of hedge effectiveness as well as the ineffective portion of the gain or loss is reported in earnings immediately.

Management documents the relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives that are designated as fair value, cash flow, or foreign currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Management also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, hedge accounting is discontinued prospectively, as discussed below.

The BAX Group discontinues hedge accounting prospectively when and if (1) it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including firm commitments or forecasted transactions); (2) the derivative expires or is sold, terminated, or exercised; (3) the derivative is de-designated as a hedge instrument, because it is no longer probable that a forecasted transaction will occur; (4) because a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management determines that designation of the derivative as a hedge instrument is no longer appropriate.

When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair-value hedge, the derivative will continue to be carried on the balance sheet at its fair value, changes will be reported currently in earnings, and the hedged asset or liability will no longer be adjusted for changes in fair value. When hedge accounting is discontinued because the hedged item no

longer meets the definition of a firm commitment, the derivative will continue to be carried on the balance sheet at its fair value, changes will be reported currently in earnings, and any asset or liability that was recorded pursuant to recognition of the firm commitment will be removed from the balance sheet and recognized as a gain or loss currently in earnings. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the derivative will continue to be carried on the balance sheet at its fair value, changes will be reported currently in earnings, and gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. In all other situations in which hedge accounting is discontinued, the derivative will be carried at its fair value on the balance sheet, with changes in its fair value recognized currently in earnings.

REVENUE RECOGNITION

Revenues related to transportation services are recognized, together with related transportation costs, on the date shipments physically depart from facilities en route to destination locations. Revenues and operating results determined under existing recognition policies do not materially differ from those which would result from an allocation between reporting periods based on relative transit times in each reporting period with expenses recognized as incurred.

NET INCOME PER SHARE

Basic and diluted net income per share for the BAX Group are computed by dividing net income by the basic weighted-average common shares outstanding and the diluted weighted-average common shares outstanding, respectively. Diluted weighted-average common shares outstanding includes additional shares assuming the exercise of stock options. However, when the exercise of stock options is antidilutive, they are excluded from the calculation. The shares of BAX Stock held in The Pittston Company Employee Benefits Trust (the "Trust" - See Note 12) are subject to the treasury stock method and are not included in the basic and diluted net income per share calculations.

USE OF ESTIMATES

In accordance with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

ACCOUNTING CHANGES

The BAX Group adopted SFAS No. 130, "Reporting Comprehensive Income," in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the BAX Group implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. As a result of the implementation of SOP No. 98-1, net loss for the year ended December 31, 1998, included a benefit of approximately $2.1 million ($0.11 per share) for costs capitalized during those periods which would have been expensed prior to the implementation of SOP No. 98-1.

The BAX Group implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of Business Enterprise." SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 16.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the BAX Group elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. In accordance with the transition provisions of SFAS No. 133, the BAX Group recorded a net transition adjustment resulting in a gain of $223 (net of related income tax of $131) in accumulated other comprehensive income at October 1, 1998 in order to recognize at fair value derivatives that are designated as cash-flow hedging instruments.

2. RELATED PARTY TRANSACTIONS

The following policies may be modified or rescinded by action of the Company's Board of Directors (the "Board"), or the Board may adopt additional policies, without approval of the shareholders of the Company, although the Board has no present intention to do so. The Company allocated certain corporate general and administrative expenses, net interest

25

expense and related assets and liabilities in accordance with the policies described below. Corporate assets and liabilities are primarily deferred pension assets and liabilities, income taxes and accrued liabilities. See Note 12 for Board policies related to disposition of properties and assets.

FINANCIAL

As a matter of policy, the Company manages most financial activities of the BAX Group, Brink's Group and Minerals Group on a centralized, consolidated basis. Such financial activities include the investment of surplus cash; the issuance, repayment and repurchase of short-term and long-term debt; the issuance and repurchase of common stock and the payment of dividends. In preparing these financial statements, transactions primarily related to invested cash, short-term and long-term debt (including convertible debt), related net interest and other financial costs have been attributed to the BAX Group based upon its cash flows for the periods presented after giving consideration to the debt and equity structure of the Company. The Company attributes long-term debt to the BAX Group based upon the purpose for the debt in addition to the cash requirements of the BAX Group. See Note 9 for details and amounts of long-term debt. The portion of the Company's interest expense, net of amounts capitalized, allocated to the BAX Group for 1998, 1997 and 1996 was $3,073, $924 and $663, respectively. Management believes such method of allocation to provide a reasonable and equitable estimate of the costs attributable to the BAX Group.

To the extent borrowings are deemed to occur between the BAX Group, the Brink's Group and the Minerals Group, intergroup accounts are established bearing interest at the rate in effect from time to time under the Company's unsecured credit lines or, if no such credit lines exist, at the prime rate charged by Chase Manhattan Bank from time to time. At December 31, 1998 and 1997, the Minerals Group had no such borrowings from the BAX Group.

INCOME TAXES

The BAX Group and its domestic subsidiaries are included in the consolidated US federal income tax return filed by the Company.

The Company's consolidated provision and actual cash payments for US federal income taxes are allocated between the BAX Group, Brink's Group and Minerals Group in accordance with the Company's tax allocation policy and reflected in the financial statements for each Group. In general, the consolidated tax provision and related tax payments or refunds are allocated among the Groups, for financial statement purposes, based principally upon the financial income, taxable income, credits and other amounts directly related to the respective Group. Tax benefits that cannot be used by the Group generating such attributes, but can be utilized on a consolidated basis, are allocated to the Group that generated such benefits and an intergroup account is established for the benefit of the Group generating the attributes. As a result, the allocated Group amounts of taxes payable or refundable are not necessarily comparable to those that would have resulted if the Groups had filed separate tax returns. In accordance with the policy, at December 31, 1998 and 1997, the BAX Group owed the Minerals Group $20,355 and $18,239, respectively, for such tax benefits, of which $13,355 and $13,239, respectively, were not expected to be paid within one year from such dates. The BAX Group paid the Minerals Group $3,333 in 1998 and $10,278 in 1997 for the utilization of such tax benefits.

SHARED SERVICES

A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the BAX Group based upon utilization and other methods and criteria which management believes to provide a reasonable and equitable estimate of the costs attributable to the BAX Group. These allocations were $10,363, $6,859 and $7,433 in 1998, 1997 and 1996, respectively.

PENSION

The BAX Group's pension cost related to its participation in the Company's noncontributory defined benefit pension plan is actuarially determined based on its respective employees and an allocable share of the pension plan liabilities and calculated in accordance with SFAS No. 87, "Employers' Accounting for Pensions". Pension plan liabilities have been allocated to the BAX Group based on the percentage of its projected benefit obligation to the plan's total projected benefit obligation. Management believes such method of allocation to provide a reasonable and equitable estimate of the liabilities and costs attributable to the BAX Group.

3. SHAREHOLDER'S EQUITY

The cumulative foreign currency translation adjustment deducted from shareholder's equity was $8,076, $9,207 and $892 at December 31, 1998, 1997 and 1996, respectively.

The cumulative cash flow hedges deducted from shareholder's equity was $1,289, $0 and $0 at December 31, 1998, 1997 and 1996, respectively.

4. ACQUISITIONS

All acquisitions discussed below have been accounted for as purchases. Accordingly, the costs of the acquisitions were allocated to the assets acquired and liabilities assumed based on their respective values. The results of operations of the businesses acquired have been included in the accompanying financial statements of the BAX Group from their respective dates of acquisition. The excess of the purchase price over fair value of the net assets acquired is generally included in goodwill. Some purchase agreements provide for contingent payments based on specified criteria. Any such future payments are generally capitalized as goodwill when paid. Unless otherwise indicated, goodwill is amortized on a straight-

line basis over forty years.

On April 30, 1998, the BAX Group acquired the privately held Air Transport International LLC ("ATI") for approximately $29,000. The acquisition was funded through the revolving credit portion of the Company's bank credit agreement. Based on a preliminary evaluation of the fair value of assets acquired and liabilities assumed, which is subject to additional review, the acquisition resulted in goodwill of approximately $1,600. If this acquisition had occurred on either January 1, 1997 or 1998, the pro forma impact on the BAX Group's revenues, net income or net income per share in 1997 and 1998 would not have been material.

In June 1997, the BAX Group acquired Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands, for the equivalent of US $10,700 in cash and the assumption of the equivalent of US $10,000 in debt. If this acquisition had occurred on January 1, 1996 or 1997, the pro forma impact on the BAX Group's revenues, net income or net income per share in 1996 and 1997 would not have been material. Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition resulted in goodwill of approximately $3,800.

Additional contingent payments of approximately US $1,500 and US $1,600 were made in 1997 and 1998, respectively. An additional contingent payment may be made in 1999, based on certain performance requirements of Cleton.

In addition, in 1997, the BAX Group acquired the remaining interest in South Africa. If this acquisition had occurred on January 1, 1996 or 1997, the pro forma impact on the BAX Group's revenues, net income or net income per share in 1996 and 1997 would not have been material.

There were no material acquisitions in 1996.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consisted of the following:

	As of December 31 1998	1997
Land	$ 1,979	1,777
Buildings	64,896	47,248
Machinery and equipment	233,905	158,422
Total	$300,780	207,447

The estimated useful lives for property, plant and equipment are as follows:

	Years
Buildings	15 to 40
Machinery and equipment	3 to 15

Depreciation of property, plant and equipment aggregated $28,008 in 1998, $23,285 in 1997 and $16,887 in 1996.

During the third quarter of 1998, the BAX Group recorded write-offs for software costs included in property, plant and equipment in accordance with SFAS No. 121 of approximately $16,000. These write-offs consisted of the costs associated with certain in-process software development projects that were canceled during the quarter and unamortized costs of existing software applications which were determined by the management to have no future service potential or value. It is management's belief at this time that the current ongoing information technology initiatives that originated from the previously mentioned projects are necessary and will be successfully completed and implemented. Such write-offs were recorded in selling, general and administrative expenses in the BAX Group's results of operation.

6. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $92,835 and $85,150 at December 31, 1998 and 1997, respectively. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $7,515 in 1998, $6,528 in 1997 and $6,465 in 1996.

7. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

NON-DERIVATIVE FINANCIAL INSTRUMENTS

Non-derivative financial instruments, which potentially subject the BAX Group to concentrations of credit risk, consist principally of cash and cash equivalents and trade receivables. The BAX Group places its cash and cash equivalents and short-term investments with high credit quality financial institutions. Also, by policy, BAX Global limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising BAX Global's customer base, and their dispersion across many different industries and geographic areas. Credit limits, ongoing credit evaluation and account-monitoring procedures are utilized to minimize the risk of loss from nonperformance on trade receivables.

The following details the fair values of non-derivative financial instruments for which it is practicable to estimate the value:

Cash and cash equivalents

The carrying amounts approximate fair value because of the short maturity of these instruments.

Accounts receivable, accounts payable and accrued liabilities

The carrying amounts approximate fair value because of the short-term nature of these instruments.

Debt

The aggregate fair value of long-term debt obligations, which is based upon quoted market prices and rates currently available to BAX Group for debt with similar terms and maturities, approximates the carrying amount.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The BAX Group has activities in a number of foreign countries in Europe, Asia, and Latin America, which expose it to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates, and commodity prices. These financial exposures are monitored and managed by the BAX Group as an integral part of its overall risk management program. The diversity of foreign operations helps to mitigate a portion of the foreign currency risks associated with market fluctuations in any one country and the impact on translated results. The BAX Group's risk management program considers this favorable diversification effect as it measures the BAX Group's exposure to financial markets and as appropriate, seeks to reduce the potentially adverse effects that the volatility of swap certain markets may have on its operating results.

BAX Global utilizes various derivative and non-derivative hedging instruments, as discussed below, to hedge its commodity exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. Management of BAX Global does not expect any losses due to such counterparty default.

The BAX Group assesses interest rate, foreign currency, and commodity risks by continually identifying and monitoring changes in interest rate, foreign currency and commodity exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The BAX Group maintains risk management control systems to monitor these risks attributable to both BAX Global's outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates, foreign currency rates and commodity prices on BAX Global's future cash flows. BAX Global does not use derivative instruments for purposes other than hedging.

As of October 1, 1998 BAX Global adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 which establishes accounting and reporting standards for derivative instruments and hedging activities, requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. Prior to the adoption of SFAS No. 133 (prior to October 1, 1998), gains and losses on derivative contracts, designated as effective hedges, were deferred and recognized as part of the transaction hedged. Since they were accounted for as hedges, the fair value of these contracts were not recognized in BAX Global's financial statements. Gains and losses resulting from the early termination of such contracts were deferred and amortized as an adjustment to the specific item being hedged over the remaining period originally covered by the terminated contracts. In addition, if the underlying items being hedged were retired prior to maturity, the unamortized gain or loss resulting from the early termination of the related interest rate swap would be included in the gain or loss on the extinguishment of the obligation.

Cash-flow hedges

Commodities Risk Management

BAX Global consumes jet fuel in the normal course of its business and utilizes derivative instruments to minimize the variability in forecasted cash flows due to adverse price movements in these commodities. The contracts are entered into in accordance with guidelines set forth in the BAX Group's hedging policies. BAX Global does not use derivative instruments for purposes other than hedging.

BAX Global utilizes forward swap contracts for the purchase of jet fuel to fix a portion of forecasted jet fuel costs at specific price levels. Under the forward swap contracts BAX Global receives (pays) the difference between the contract rate and the higher (lower) average market rate over the related contract period. BAX Global also periodically utilizes option strategies to hedge a portion of the remaining forecasted risk associated with changes in the price of jet fuel. The option contracts, which involve either purchasing call options and simultaneously selling put options (collar strategy) or purchasing call options, are designed to provide protection against sharp increases in the price of jet fuel. For purchased call options, BAX Global pays a premium up front and receives an amount over the contract period equal to the difference by which the average market price of jet fuel during the period exceeds the option strike price. For collar strategies, the premiums on the purchased option and sold option net to zero. BAX Global receives an amount equal to the difference by which the average market price of jet fuel during the period exceeds the call option's strike price and pays an amount equal to the difference by which the average market price of jet fuel during the period is below the put option's strike price. At December 31, 1998, the outstanding notional amount of forward swap hedge contracts for jet fuel totaled 16.0 million gallons.

No material amounts related to hedge ineffectiveness were recognized in earnings during the period for the jet fuel forward swap contracts. Changes in the fair value of the commodity contracts designated and qualifying as cash flow hedges of forecasted commodity purchases are reported in accumulated other comprehensive income. For jet fuel, the gains and losses are reclassified into earnings, as a component of costs of sales,

in the same period as the commodity purchased affects earnings. During the year ending December 31, 1999, losses of approximately $2,100 (pre-tax) related to jet fuel purchases are expected to be reclassified from accumulated other comprehensive income into cost of sales.

As of December 31, 1998, the maximum length of time over which the BAX Global is hedging its exposure to the variability in future cash flows associated with jet fuel is six months.

8. INCOME TAXES

The provision (credit) for income taxes consists of the following:

	US Federal	Foreign	State	Total
1998:				
Current	$ 2,498	5,313	300	8,111
Deferred	(4,664)	(5,657)	(1,062)	(11,383)
Total	$ (2,166)	(344)	(762)	(3,272)
1997:				
Current	$ 16,646	2,570	1,200	20,416
Deferred	1,774	(3,461)	258	(1,429)
Total	$ 18,420	(891)	1,458	18,987
1996:				
Current	$ 18,967	2,371	1,200	22,538
Deferred	351	(3,166)	(15)	(2,830)
Total	$ 19,318	(795)	1,185	19,708

The significant components of the deferred tax benefit were as follows:

	Years Ended December 31 1998	1997	1996
Deferred tax benefit, exclusive of the components listed below	$ (6,320)	(1,528)	(372)
Net operating loss carryforwards	(3,711)	(3,382)	(2,887)
Alternative minimum tax credits	(1,352)	3,481	429
Total	$(11,383)	(1,429)	(2,830)

The tax benefit for compensation expense related to the exercise of certain employee stock options for tax purposes in excess of compensation expense for financial reporting purposes is recognized as an adjustment to shareholder's equity.

The components of the net deferred tax asset as of December 31, 1998 and December 31, 1997 were as follows:

	1998	1997
DEFERRED TAX ASSETS:		
Accounts receivable	$ 7,986	2,679
Postretirement benefits other than pensions	1,856	1,493
Workers' compensation and other claims	1,119	869
Other liabilities and reserves	18,848	14,436
Miscellaneous	2,738	1,716
Net operating loss carryforwards	15,320	11,609
Alternative minimum tax credits	10,187	8,505
Total deferred tax assets	58,054	41,307
DEFERRED TAX LIABILITIES:		
Property, plant and equipment	1,126	3,254
Pension assets	670	(726)
Other assets	893	636
Investments in foreign affiliates	1,500	--
Miscellaneous	13,022	12,617
Total deferred tax liabilities	17,211	15,781
Net deferred tax asset	$ 40,843	25,526

The recording of deferred federal tax assets is based upon their expected utilization in the Company's consolidated federal income tax return and the benefit that would accrue to the BAX Group under the Company's tax allocation policy.

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory US federal income tax rate of 35% in 1998, 1997 and 1996 to the income before income taxes.

	Years Ended December 31		
	1998	1997	1996
Income (loss) before income taxes:			
United States	$(28,071)	34,164	37,794
Foreign	11,708	17,171	15,715
Total	$(16,363)	51,335	53,509
Tax provision (credit) computed at statutory rate	$ (5,727)	17,967	18,730
Increases (reductions) in taxes due to:			
State income taxes (net of federal tax benefit)	(495)	948	771
Goodwill amortization	2,086	2,067	2,086
Difference between total taxes on foreign income and the US federal statutory rate	66	(2,291)	(2,392)
Miscellaneous	798	296	513
Actual tax provision (credit)	$ (3,272)	18,987	19,708

It is the policy of the BAX Group to accrue deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries and affiliates which are expected to reverse in the foreseeable future. As of December 31, 1998 and December 31, 1997, the unrecognized deferred tax liability for temporary differences of approximately $11,766 and $12,206, respectively, related to investments in foreign subsidiaries and affiliates that are essentially permanent in nature and not expected to reverse in the foreseeable future was approximately $4,118 and $4,272, respectively.

The BAX Group and its domestic subsidiaries are included in the Company's consolidated US federal income tax return.

As of December 31, 1998, the BAX Group had $10,187 of alternative minimum tax credits allocated to it under the Company's tax allocation policy. Such credits are available to offset future US federal income taxes and, under current tax law, the carryforward period for such credits is unlimited.

The tax benefits of net operating loss carryforwards of the BAX Group as of December 31, 1998 were $15,320 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

9. LONG-TERM DEBT

A portion of the outstanding debt under the Company's credit agreement have been attributed to the BAX Group. Total long-term debt of the BAX Group consists of the following:

	As of December 31 1998	1997
Senior obligations and capital leases:		
Netherlands guilder term loan due 2000 (year-end rate 3.95% in 1998 and 4.29% in 1997)	$ 11,166	10,700
Singapore dollar term loan due 2003 (year-end rate 3.31% in 1998)	10,897	--
All other	15,224	15,438
	37,287	26,138
Attributed portion of the Company's debt:		
Revolving credit notes due 2001 (year-end rate 5.83% in 1998 and 5.92% in 1997)	60,904	10,878
Total long-term debt, less current maturities	98,191	37,016
Current maturities of long-term debt	3,965	3,176
Total long-term debt including current maturities	$102,156	40,192

For the four years through December 31, 2003, minimum repayments of long-term debt outstanding are as follows:

2000	$ 14,687
2001	63,093
2002	1,698
2003	12,025

The Company has a $350,000 credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. The maturity date of both the term loan and revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates plus applicable margin. A term loan of $100,000 was outstanding at December 31, 1998 and 1997. Additional borrowings of $91,600 and $25,900 were outstanding at December 31, 1998 and 1997, respectively under the revolving credit portion of the Facility. The Company pays commitment fees (.125% per annum at December 31, 1998) on the unused portion of the Facility. At December 31, 1998 and 1997, $60,904 and $10,878, respectively, of these additionally borrowings were attributed to the BAX Group.

Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398,000 at December 31, 1998.

In 1998, BAX Global entered into a credit agreement with a major US bank related to its Singapore operating unit to finance warehouse facilities. The credit agreement has a revolving period extending through April 1999 at which time amounts outstanding will be converted to a term loan maturing in April 2003. The amount available for borrowing will not exceed the lesser of Singapore $32,500 and US $50,000. At December 31, 1998, the amount outstanding in Singapore dollars was the equivalent of US $10,897 which bears an interest rate of 3.31% and was included in the noncurrent portion of long-term debt. Interest on the borrowings under the agreement is payable at rates based on Alternate Base Rate, LIBOR (London Inter-Bank Offered Rate) US$ Rate, SIBOR (Singapore Inter-Bank Offered Rate) US$ Rate and Adjusted SIBOR-S$ plus the applicable margin.

In 1997, BAX Global entered into a borrowing agreement in connection with its acquisition of Cleton. In April 1998, BAX refinanced the 1997 acquisition borrowings with a term credit facility denominated in Netherlands guilders and maturing in April 2000. The amount outstanding under the facility at December 31, 1998, was the Netherlands guilders equivalent of US $11,166 and bore an interest rate of 3.95%. Interest on borrowings under the agreement is payable at rates based on AIBOR (Amsterdam Inter-Bank Offered Rate) plus the applicable margin.

Various international operations maintain lines of credit and overdraft facilities aggregating approximately $88,000 with a number of banks on either a secured or unsecured basis. At December 31, 1998, $38,749 was outstanding under such agreements and was included in short-term borrowings. Average interest rates on the lines of credit and overdraft facilities at December 31, 1998 approximated 9.1%. Commitment fees paid on the lines of credit and overdraft facilities are not significant.

At December 31, 1998, the Company's portion of outstanding unsecured letters of credit allocated to the BAX Group was $27,626, primarily supporting the BAX Group's obligations under aircraft lease obligations and its various self-insurance programs.

10. NET INCOME PER SHARE

The following is a reconciliation between the calculation of basic and diluted net income (loss) per share:

	Years Ended December 31 1998	1997	1996
NUMERATOR:			
Net income (loss)-Basic and diluted net income (loss) per share numerator	$ (13,091)	32,348	33,801
DENOMINATOR:			
Basic weighted average common shares outstanding	19,333	19,448	19,223
Effect of dilutive securities:			
Stock options	--	545	458
Diluted weighted average common shares outstanding	19,333	19,993	19,681

Options to purchase 2,588 shares of BAX Stock, at prices between $7.85 and $27.91 per share, were outstanding during 1998 but were not included in the computation of diluted net loss per share because the effect of all options would be antidilutive.

Options to purchase 7 and 30 shares of BAX Stock at $27.91 per share and at prices between $20.19 and $21.13 per share, were outstanding in 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

11. STOCK OPTIONS

The Company has various stock-based compensation plans as described below.

STOCK OPTION PLANS

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest 100% at the end of the third year. The Non-Employee Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest ratably over the first three years. The total number of shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 2,517. Under the Non-Employee Plan, the total number of shares underlying options for grant, but not yet granted is 100.

The Company's 1979 Stock Option Plan (the "1979 Plan") and the 1985 Stock Option Plan (the "1985 Plan") terminated in 1985 and 1988, respectively.

As part of the Brink's Stock Proposal (described in the Company's Proxy Statement dated December 31, 1995 resulting in the modification of the capital structure of the Company to include an additional class of common stock), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or BAX Stock in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such plans, the Company converted these options into options for shares of Brink's Stock or BAX Stock, or both, depending on the employment status and responsibilities of the particular optionee. In the case of optionees having Company-wide responsibilities, each outstanding Services Stock option was converted into options for both Brink's Stock and BAX Stock. In the case of other optionees, each outstanding option was converted into a new option only for Brink's Stock or BAX Stock, as the case may be. As a result, upon approval of the Brink's Stock Proposal, 1,750 shares of Brink's Stock and 1,989 shares of BAX Stock were subject to options.

The table below summarizes the related plan activity.

	Shares	Aggregate Exercise Price
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,989	23,474
Granted	440	7,972
Exercised	(318)	(2,905)
Forfeited or expired	(64)	(952)
Outstanding at December 31, 1996	2,047	$ 27,589
Granted	526	12,693
Exercised	(246)	(2,389)
Forfeited or expired	(71)	(1,223)
Outstanding at December 31, 1997	2,256	$ 36,670
Granted	334	4,683
Exercised	(236)	(1,868)
Forfeited or expired	(166)	(3,393)
Outstanding at December 31, 1998	2,188	$ 36,092

Options exercisable at the end of 1998, 1997 and 1996, respectively, on an equivalent basis, for BAX Stock, were 1,081, 827 and 1,034.

The following table summarizes information about stock options outstanding as of December 31, 1998.

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 7.85 to 11.70	374	2.79	$ 9.28	266	$ 9.58
13.41 to 16.32	851	2.74	14.78	728	14.72
17.06 to 21.13	534	3.46	18.07	83	17.29
23.88 to 27.91	429	4.38	24.25	4	27.91
Total	2,188			1,081	

EMPLOYEE STOCK PURCHASE PLAN

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 375 shares of BAX Stock to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 48, 29 and 32 shares of BAX Stock to employees during 1998, 1997 and 1996, respectively. The share amounts for BAX Stock include the restatement for the Services Stock conversion under the Brink's Stock Proposal.

ACCOUNTING FOR PLANS

The Company has adopted the disclosure - only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", but applies APB Opinion No. 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the accompanying financial statements. Had compensation costs for the Company's plans been determined based on the fair value of awards at the grant dates, consistent with SFAS No. 123, the BAX Group's net income and net income per share would approximate the pro forma amounts indicated below:

	1998	1997	1996
NET INCOME (LOSS) ATTRIBUTED TO COMMON SHARES			
BAX Group			
As Reported	$(13,091)	32,348	33,801
Pro Forma	(15,017)	30,170	32,528
NET INCOME (LOSS) PER COMMON SHARE			

BAX Group			
Basic, As Reported	$ (0.68)	1.66	1.76
Basic, Pro Forma	(0.78)	1.55	1.69
Diluted, As Reported	(0.68)	1.62	1.72
Diluted, Pro Forma	(0.78)	1.51	1.65

Note: The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

The fair value of each stock option grant used to compute pro forma net income and net income per share disclosures is estimated at the time of the grant using the Black-Scholes option-pricing model. The weighted-average assumptions used in the model are as follows:

	1998	1997	1996
Expected dividend yield	1.7%	1.0%	1.2%
Expected volatility	50%	29%	32%
Risk-Free interest rate	5.3%	6.2%	6.3%
Expected term (in years)	5.1	4.8	4.7

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1998, 1997 and 1996 is $1,928, $4,182 and $2,679, respectively.

Under SFAS No. 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock

purchase rights granted in 1998, 1997 and 1996 was $128, $321 and $231, respectively, for the BAX Group.

12. CAPITAL STOCK

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes.

The Company, at any time, has the right to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock. Upon the disposition of all or substantially all of the properties and assets of the BAX Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock.

The Company, at any time, has the right to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Minerals Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. If any shares of the Company's Preferred Stock are converted after an exchange of Minerals Stock for Brink's Stock (or BAX Stock), the holder of such Preferred Stock would, upon conversion, receive shares of Brink's Stock (or BAX Stock) in lieu of shares of Minerals Stock otherwise issuable upon such conversion.

Shares of Brink's Stock are not subject to either optional or mandatory exchange. The net proceeds of any disposition of properties and assets of the Brink's Group will be attributed to the Brink's Group. In the case of a disposition of all or substantially all the properties and assets of any other group, the net proceeds will be attributed to the group the shares of which have been issued in exchange for shares of the selling group.

Holders of Brink's Stock at all times have one vote per share. Holders of BAX Stock and Minerals Stock have .739 and .244 vote per share, respectively, subject to adjustment on January 1, 2000, and on January 1 every two years thereafter in such a manner that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of BAX Stock and Minerals Stock may have more than, less than or continue to have the number of votes per share as they have. Holders of Brink's Stock, BAX Stock and Minerals Stock vote together as a single voting group on all matters as to which all common shareholders are entitled to vote. In addition, as prescribed by Virginia law, certain amendments to the Articles of Incorporation affecting, among other things, the designation, rights, preferences or limitations of one class of common stock, or certain mergers or statutory share exchanges, must be approved by the holders of such class of common stock, voting as a group, and, in certain circumstances, may also have to be approved by the holders of the other classes of common stock, voting as separate voting groups.

In the event of a dissolution, liquidation or winding up of the Company, the holders of Brink's Stock, BAX Stock and Minerals Stock, effective January 1, 1999, share on a per share basis an aggregate amount equal to 54%, 28% and 18%, respectively, of the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage has been set, using a nominal number of shares of Minerals Stock of 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, BAX Stock and Minerals Stock, as the case may be, then outstanding to the total number of shares of all other classes of common stock then outstanding (which totals, in the case of Minerals Stock, shall include the Nominal Shares).

Dividends paid to holders of BAX Stock are limited to funds of the Company legally available for the payment of dividends. See the Company's consolidated financial statements and related footnotes. Subject to these limitations, the Company's Board, although there is no requirement to do so, intends to declare and pay dividends on the BAX Stock based primarily on the earnings, financial condition, cash flow and business requirements of the BAX Group.

The Company has the authority to issue up to 2,000 shares of preferred stock, par value $10 per share. In January, 1994, the Company issued $80,500 or 161 shares of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock, which is convertible into Minerals Stock and which has been attributed to the Minerals Group, pays an annual dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available therefore, when as and if, declared by the Board. Such stock also bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon.

In November 1998, under the Company's common share repurchase program, the Company's Board of Directors (the

"Board") authorized the purchase, from time to time, of up to 1,500 shares of BAX Stock, not to exceed an aggregate purchase cost of $25,000 for all common stock of the Company. Such shares to be purchased from time to time in the open market or in private transactions, as conditions warrant. In May 1997, the Board authorized additional authority which allows for the purchase, from time to time, of the Convertible Preferred Stock, not to exceed an aggregate purchase cost of $25,000.

Under the share repurchase program, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 1998	1997
BAX Stock:		
Shares	1,047	332
Cost	$12,674	7,405
Convertible Preferred Stock:		
Shares	0.4	1.5
Cost	$ 146	617
Excess carrying amount(a)	$ 23	108

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1998, the Company had remaining authority to purchase over time 1,465 shares of Pittston BAX Group Common Stock and an additional $24,236 of its Convertible Preferred Stock. The remaining aggregate purchase cost limitation for all common stock was $24,698 at December 31, 1998. The authority to acquire shares remains in effect in 1999.

In 1998, 1997 and 1996, dividends paid on the Convertible Preferred Stock amounted to $3,547, $3,589 and $3,795, respectively. During 1998 and 1997, the Board declared and the Company paid dividends of $4,642 and $4,805 on BAX stock.

In December 1992, the Company formed The Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock (initially 4,000 shares) to fund obligations under certain employee benefits programs not including stock option plans. The trust first began funding obligations under the Company's various stock option plans in September 1995. In November 1998, the Company sold for a promissory note of the Trust, 1,500 new shares of BAX Stock at a price equal to the closing value of the stock on the date prior to issuance. As of December 31, 1998, 1,858 shares of BAX Stock (868 in 1997) remained in the Trust, valued at market. These shares will be voted by the Trustee in the same proportion as those voted by the Company's employees participating in the Company's Savings Investment Plan. The fair market value of the shares is included in common stock and capital in excess of par.

13. LEASES

The BAX Group leases aircraft, facilities, vehicles, computers and other equipment under long-term operating and capital leases with varying terms. Most of the operating leases contain renewal and/or purchase options.

As of December 31, 1998, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Aircraft	Facilities	Equipment & Other	Total
1999	$ 39,888	30,140	8,728	78,756
2000	32,731	21,482	7,156	61,369
2001	28,645	16,883	2,790	48,318
2002	12,698	14,587	1,109	28,394
2003	3,720	12,124	327	16,171
2004	--	10,913	47	10,960
2005	--	7,963	27	7,990
2006	--	7,124	27	7,151
Later Years	--	64,047	11	64,058
Total	$117,682	185,263	20,222	323,167

These amounts are net of aggregate future minimum noncancellable sublease rentals of $1,534.

Net rent expense amounted to $73,637 in 1998, $61,650 in 1997 and $61,827 in 1996.

The BAX Group incurred capital lease obligations of $676 in 1998, $352 in 1997, and $231 in 1996. As of December 31, 1998, the BAX Group's obligations under capital leases were not significant.

BAX Global is in the process of negotiating certain facilities leasing agreements with terms of ten years. Aggregate future minimum lease payments under these agreements are expected to approximate $43,000.

At December 31, 1998, the BAX Group had contractual commitments with a third party to provide aircraft usage and services to the BAX Group. The fixed and determinable portion of the obligations under these agreements aggregate approximately $153,240 and expire from 1999 to 2003 as follows:

1999	$ 42,720
2000	42,720
2001	37,680
2002	27,240
2003	2,880

Spending under these agreements, including any variable component, was $60,846 in 1998, $39,204 in 1997 and $18,740 in 1996.

14. EMPLOYEE BENEFIT PLANS

The BAX Group's businesses participate in the Company's noncontributory defined benefit pension plan covering substantially all nonunion employees who meet certain minimum requirements, in addition to sponsoring certain other defined benefit plans. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The BAX Group's pension cost is actuarially determined based on its employees and an allocable share of the pension plan assets. The Company's policy is to fund the actuarially determined amounts necessary to provide assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations. The net pension expense for 1998, 1997 and 1996 for all plans is as follows:

	Years Ended December 31		
	1998	1997	1996
Service cost-benefits earned during year	$ 5,644	4,110	4,067
Interest cost on projected benefit obligation	5,665	4,653	4,010
Return on assets-expected	(7,389)	(6,453)	(5,876)
Other amortization, net	238	(372)	(339)
Net pension expense	$ 4,158	1,938	1,862

The assumptions used in determining the net pension expense for the Company's primary pension plan were as follows:

	1998	1997	1996
Interest cost on projected benefit obligation	7.5%	8.0%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Rate of increase in compensation levels	4.0%	4.0%	4.0%

Reconciliations of the projected benefit obligations, plan assets, funded status and prepaid pension expense at December 31, 1998 and 1997 are as follows:

	Years Ended December 31	
	1998	1997
Projected benefit obligation at beginning of year	$ 73,559	58,318
Service cost-benefits earned during the year	5,644	4,110
Interest cost on projected benefit obligation	5,665	4,653
Plan participants' contributions	496	253
Acquisitions	1,842	--
Benefits paid	(1,646)	(1,325)
Actuarial loss	13,243	7,728
Foreign currency exchange rate changes	(106)	(178)
Projected benefit obligation at end of year	$ 98,697	73,559
Fair value of plan assets at beginning of year	$ 79,111	68,016
Return on assets - actual	11,070	12,453
Acquisitions	1,440	--
Plan participants' contributions	496	253
Employer contributions	346	35
Benefits paid	(1,646)	(1,325)
Foreign currency exchange rate changes	(170)	(321)
Fair value of plan assets at end of year	$ 90,647	79,111
Funded status	$ (8,050)	5,552
Unamortized initial net asset	63	(22)

Unrecognized experience loss	10,832	1,495
Unrecognized prior service cost	553	172
Net pension assets	$ 3,398	7,197
Current pension liabilities	387	403
Deferred pension assets per the balance sheet	$ 3,785	7,600

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 7.0% in 1998 and 7.5% in 1997. The expected long-term rate of return on assets was 10% in both years. The rate of increase in compensation levels used was 4% in 1998 and 1997.

The unrecognized initial net asset at January 1, 1986 (January 1, 1989, for certain foreign pension plans), the date of adoption of SFAS No. 87, has been amortized over the estimated remaining average service life of the employees.

Expense recognized in 1998, 1997 and 1996 for multi-employer plans was $594, $401 and $480, respectively.

The BAX Group also provides certain postretirement health care and life insurance benefits for eligible active and retired employees in the United States and Canada.

For the years 1998, 1997 and 1996, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31 1998	1997	1996
Service cost--benefits earned during year	$ 187	166	167
Interest cost on accumulated postretirement benefit obligation	245	226	213
Total expense	$ 432	392	380

The actuarially determined and recorded liabilities for the following postretirement benefits have not been funded. Reconciliations of the accumulated postretirement benefit obligations, funded status and accrued postretirement benefit cost at December 31, 1998 and 1997 are as follows:

	Years Ended December 31 1998	1997
Accumulated postretirement benefit obligation at beginning of year	$ 3,391	3,070
Service cost-benefits earned during the year	187	166
Interest cost on accumulated postretirement benefit obligation	245	226
Benefits paid	(81)	(28)
Actuarial (gain) loss	495	(43)
Other	85	--
Total accumulated postretirement benefit obligation at end of year	$ 4,322	3,391
Accumulated postretirement benefit obligation at end of year-retirees	$ 536	465
Accumulated postretirement benefit obligation at end of year-active participants	3,786	2,926
Total accumulated postretirement benefits obligation at end of year	$ 4,322	3,391
Funded status	$(4,322)	(3,391)
Unrecognized experience (gain) loss	317	(178)
Accrued postretirement benefit cost at end of year	$(4,005)	(3,569)

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.0% in 1998 and 7.5% in 1997. The postretirement benefit obligation for US salaried employees does not provide for changes in health care costs since the employer's contribution to the plan is a fixed amount.

The BAX Group also participates in the Company's Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 75% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $2,355 in 1998, $2,239 in 1997 and $2,259 in 1996.

The BAX Group sponsors several other defined contribution benefit plans based on hours worked or other measurable factors. Contributions under all of these plans aggregated $819 in 1998, $206 in 1997 and $643 in 1996.

15. OTHER OPERATING INCOME

Other operating income generally includes foreign exchange transaction gains and losses.

16. SEGMENT INFORMATION

The BAX Group implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded SFAS No. 14, "Financial Reporting Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods.

The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information.

The BAX Group has one business unit, BAX Global and three reportable operating segments: the Americas, the Atlantic and the Pacific. Management has determined those reportable segments based on how resources are allocated and how operational decisions are made. The Americas segment includes operations in the United States including ATI and the US domestic and import/export businesses, Latin America and Canada. The Atlantic and Pacific segments include operations in Europe and Africa and in Asia and Australia, respectively. The eliminations/other category includes amounts that are not specifically allocated to the individual segments for evaluation of specific segment performance such as intercompany revenue eliminations, global support costs including global information technology costs and goodwill amortization. Segment performance also excludes corporate allocations from the Company. See Note 2 for a description of such allocations.

Geographic revenues are primarily attributed based on the entity providing the service. However, revenues and profits on expedited freight services are shared among the origin and destination countries on all export volumes. Long-lived assets are attributed based on the location of the asset.

BAX Global primarily provides global expedited freight transportation services. In addition, BAX Global also provides

global non-expedited freight services including supply chain management services, customs clearance and ocean freight services.

BAX Global's revenues by line of business are as follows:

	Years Ended December 31		
	1998	1997	1996
Expedited freight services	$ 1,519,991	1,490,161	1,337,277
Non-expedited freight services	256,989	172,177	147,592
	$ 1,776,980	1,662,338	1,484,869

Operating revenues by operating segment are as follows:

	Years Ended December 31		
	1998	1997	1996
Americas(a)	$ 1,181,274	1,142,495	1,027,950
Atlantic	325,975	305,598	282,299
Pacific	314,104	250,584	216,170
Eliminations/other `	(44,373)	(36,339)	(41,550)
Total operating revenues	$ 1,776,980	1,662,338	1,484,869

(a) Includes US revenues of $1,102,323, $1,070,920 and $968,864 in 1998, 1997 and 1996, respectively, primarily representing the intra-US and export/import freight revenues and ATI revenues.

The BAX Group's portion of the Company's operating profit is as follows:

	Years Ended December 31		
	1998	1997	1996
Americas	$ 55,936	69,124	60,505
Atlantic	5,564	7,333	4,571
Pacific	12,787	11,553	9,679
Other(a)	(74,915)	(24,746)	(10,151)
BAX Group's segment operating profit (loss)	(628)	63,264	64,604
Corporate expenses allocated to the BAX Group	(10,363)	(6,859)	(7,433)
Total operating profit (loss)	$ (10,991)	56,405	57,171

(a) 1998 includes additional expenses of approximately $36,000 related to the termination or rescoping of certain information technology projects (approximately $16,000), increased provisions on existing accounts receivable (approximately $13,000) and approximately $7,000 primarily related to severance expenses associated with BAX Global's redesign of its organizational structure. 1997 includes $12,500 of consulting expenses related to the redesign of BAX Global's business processes and information systems architecture.

The BAX Group's portion of the Company's assets at year end is as follows:

	As of December 31		
	1998	1997	1996
Americas(a)	$ 315,469	267,272	238,048
Atlantic	165,413	148,168	116,322
Pacific	92,094	80,409	77,673
Other(b)	192,209	194,295	185,741
BAX Group's portion of company's assets	765,185	690,144	617,784
BAX Group's portion of corporate assets	10,113	11,299	17,614
Total assets	$ 775,298	701,443	635,398

(a) Includes long-lived assets (property, plant and equipment) located in the US of $70,094, $74,251 and $76,674 as of December 31, 1998, 1997 and 1996, respectively. (b) Primarily includes goodwill and global IT assets currently under development.

Other segment information is as follows:

	As of December 31 1998	1997	1996
CAPITAL EXPENDITURES:			
Americas	$19,695	18,688	49,357
Atlantic	7,944	8,049	5,931
Pacific	22,057	4,570	4,182
Other(a)	26,419	--	--
Allocated general corporate	204	215	2,082
Total capital expenditures	$ 76,319	31,522	61,552
DEPRECIATION AND AMORTIZATION:			
Americas	$ 18,653	15,419	10,307
Atlantic	7,277	5,120	3,686
Pacific	3,406	3,091	2,916
Other	5,951	6,037	6,345
Allocated general corporate expense	240	238	173
Total depreciation and amortization	$35,527	29,905	23,427

(a) Includes investment in BAX Process Innovation Project.

17. CONTINGENT LIABILITIES

Under the Coal Industry Retiree Health Benefit Act of 1992 (the "Act"), the Company and its majority-owned subsidiaries at July 20, 1992, including certain companies of the BAX Group included in these financial statements, are jointly and severally liable with certain companies of the Brink's Group and of the Minerals Group for the costs of health care coverage provided for by that Act. For a description of the Act and an estimate of certain of such costs, see Note 14 to the Company's

consolidated financial statements. At this time, the Company expects the Minerals Group to discharge its obligations under the Act.

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,600 and $11,200 and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgement that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgment. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation at the Tankport site will not significantly adversely impact the BAX Group's results of operations or financial position.

18. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1998, 1997 and 1996, cash payments for income taxes, net of refunds received, were $9,534, $17,092 and $22,018, respectively.

For the years ended December 31, 1998, 1997 and 1996, cash payments for interest were $8,324, $5,347 and $4,646, respectively.

In connection with the June 1997 acquisition of Cleton & Co. ("Cleton"), the BAX Group assumed the equivalent of US $10,000 of Cleton debt of which the equivalent of approximately US $6,000 was outstanding at December 31, 1997.

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1998 and 1997. The first three quarters of 1997 net income per share amounts have been restated to comply with SFAS No. 128, "Earnings Per Share." Third quarter 1997 amounts have been reclassified to include $3,948 of revenues and transportation expenses from Cleton, which was acquired in June 1997.

	1st	2nd	3rd	4th
1998 QUARTERS:				
Operating revenues	$ 402,433	432,884	460,868	480,795
Gross profit	40,094	47,727	56,240	61,256
Net income (loss)(a)	(2,966)	989	(21,835)	10,721
Net income (loss) per Pittston BAX Group Common share:				
Basic(a)	$ (.15)	.05	(1.13)	.56
Diluted	(.15)	.05	(1.13)	.56
1997 QUARTERS:				
Operating revenues	$ 371,409	399,567	443,376	447,986
Gross profit	40,498	43,874	64,283	58,347
Net income (loss)(b)	5,088	(1,913)	15,993	13,180
Net income (loss) per Pittston BAX Group common share:				
Basic(b)	$ .26	(.10)	.82	.68
Diluted	.26	(.10)	.80	.66

(a) The third quarter of 1998 includes additional expenses of approximately

$36,000 ($22,680 after-tax; $1.17 per share) related to the termination or rescoping of certain information technology projects (approximately $16,000 pre-tax), increased provisions on existing accounts receivable (approximately $13,000 pre-tax), and approximately $7,000 (pre-tax) primarily related to severance expenses associated with BAX Global's redesign of its organizational structure.

(b) The second quarter of 1997 includes $12,500 pre-tax ($7,900 after-tax; $0.40 per share) of consulting expenses related to the redesign of BAX Global's business processes and new information systems architecture.

The Pittston Company and Subsidiaries

SELECTED FINANCIAL DATA

FIVE YEARS IN REVIEW

(In thousands, except per share amounts)	1998	1997	1996	1995	1994
SALES AND INCOME (a):					
Net sales and operating revenues	$3,746,882	3,394,398	3,091,195	2,914,441	2,667,275
Net income (b)	66,056	110,198	104,154	97,972	26,897
FINANCIAL POSITION (a):					
Net property, plant and equipment	$ 849,883	647,642	540,851	486,168	445,834
Total assets	2,331,137	1,995,944	1,832,603	1,807,372	1,737,778
Long-term debt, less current maturities	323,308	191,812	158,837	133,283	138,071
Shareholders' equity	736,028	685,618	606,707	521,979	447,815
AVERAGE COMMON SHARES OUTSTANDING (c), (d):					
Pittston Brink's Group basic	38,713	38,273	38,200	37,931	37,784
Pittston Brink's Group diluted	39,155	38,791	38,682	38,367	38,192
Pittston BAX Group basic	19,333	19,448	19,223	18,966	18,892
Pittston BAX Group diluted	19,333	19,993	19,681	19,596	19,436
Pittston Minerals Group basic	8,324	8,076	7,897	7,786	7,594
Pittston Minerals Group diluted	8,324	8,102	9,884	10,001	7,594
COMMON SHARES OUTSTANDING (c):					
Pittston Brink's Group	40,961	41,130	41,296	41,574	41,595
Pittston BAX Group	20,825	20,378	20,711	20,787	20,798
Pittston Minerals Group	9,186	8,406	8,406	8,406	8,390
PER PITTSTON BRINK'S GROUP COMMON SHARE (c), (d):					
Basic net income (b)	$ 2.04	1.92	1.56	1.35	1.10
Diluted net income (b)	2.02	1.90	1.54	1.33	1.09
Cash dividends	.10	.10	.10	.09	.09
Book value (f)	11.87	9.91	8.21	6.81	5.70
PER PITTSTON BAX GROUP COMMON SHARE (c), (d):					
Basic net income (loss)	(0.68)	1.66	1.76	1.73	2.03
Diluted net income (loss)	(0.68)	1.62	1.72	1.68	1.97
Cash dividends	.24	.24	.24	.22	.22
Book value (f)	15.83	16.59	15.70	14.30	12.74
PER PITTSTON MINERALS GROUP COMMON SHARE (c), (d):					
Basic net income (loss) (e)	$ (0.42)	0.09	1.14	1.45	(7.50)
Diluted net income (loss) (e)	(0.42)	0.09	1.08	1.40	(7.50)
Cash dividends (g)	.24	.65	.65	.65	.65
Book value (f)	(9.50)	(8.94)	(8.38)	(9.46)	(10.74)

(a) See Management's Discussion and Analysis for a discussion of Brink's acquisitions, BAX Global's additional expenses and special consulting costs and Pittston Coal's disposition of assets.

(b) As of January 1, 1992, Brink's Home Security, Inc. ("BHS") elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase income before cumulative effect of accounting changes and net income of the Company and the Brink's Group by $3,852 or $0.10 per basic and diluted share of Brink's Stock in 1998, $3,213 in 1997, $2,723 in 1996, $2,720 in 1995 and $2,486 in 1994. The net income per basic and diluted share impact for 1994 through 1996 was $0.07 and for 1997 was $0.08.

(c) All share and per share data presented reflects the completion of the Brink's Stock Proposal which occurred on January 18, 1996. Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust. For the Pittston Brink's Group (the "Brink's Group"), such shares totaled 2,076 shares, 2,734 shares, 3,141 shares, 3,553 shares and 3,779 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. For the Pittston BAX Group (the "BAX Group"), such shares totaled 1,858 shares, 868 shares, 1,280 shares, 1,777 shares and 1,890 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. For the Pittston Minerals Group (the "Minerals Group"), such shares totaled 766 shares, 232 shares, 424 shares, 594 shares and 723 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. Average shares outstanding do not include these shares. The initial dividends on Brink's Stock and BAX Stock were paid on March 1, 1996. Dividends paid by the Company on Services Stock have been attributed to the Brink's Group and the BAX Group in relation to the initial dividends paid on the Brink's and BAX Stocks.

(d) The net income per share amounts prior to 1997 have been restated, as required, to comply with Statement of Financial Accounting Standards No. 128, "Earnings Per Share." For further discussion of net income per share, see Note 8 to the Financial Statements.

(e) For the year ended December 31, 1994, diluted net income per share is considered to be the same as basic since the effect of stock options and the assumed conversion of preferred stock was antidilutive.

(f) Calculated based on shareholder's equity, excluding amounts attributable to preferred stock, and on the number of shares outstanding at the end of the period excluding shares outstanding under the Company's Employee Benefits Trust.

(g) Cash dividends per share reflect a per share dividend of $.1625 declared in the first quarter of 1998 (based on an annual rate of $.65 per share) and three per share dividends of $.025 declared in each of the following 1998 quarters (based on an annual rate of $.10 per share).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Years Ended December 31 (In thousands)	1998	1997	1996
Net sales and operating revenues:			
Brink's	$1,247,681	921,851	754,011
BHS	203,586	179,583	155,802
BAX Global	1,776,980	1,662,338	1,484,869
Pittston Coal	503,302	612,907	677,393
Mineral Ventures	15,333	17,719	19,120
Net sales and operating revenues	$3,746,882	3,394,398	3,091,195
Operating profit (loss):			
Brink's	$ 98,420	81,591	56,823
BHS	53,032	52,844	44,872
BAX Global	(628)	63,264	64,604
Pittston Coal	3,207	12,217	20,034
Mineral Ventures	(1,031)	(2,070)	1,619
Segment operating profit	153,000	207,846	187,952
General corporate expense	(27,857)	(19,718)	(21,445)
Operating profit	$ 125,143	188,128	166,507

The Pittston Company (the "Company") reported net income of $66.1 million in 1998 compared with net income of $110.2 million in 1997. Revenues in 1998 increased $352.5 million (10%) compared to 1997. Operating profit totaled $125.1 million in 1998, a decrease of $63.0 million over the prior year. Operating profit in 1998 included approximately $36 million of additional expenses at BAX Global which related to the termination or rescoping of certain information technology projects, increased provisions on existing accounts receivable and other costs primarily related to severance expenses associated with BAX Global's redesign of its organizational structure. Net income in 1998 benefited from increased operating results at the Company's Brink's, Incorporated ("Brink's"), Brink's Home Security, Inc. ("BHS") and Pittston Mineral Ventures ("Mineral Ventures") businesses. These increases were more than offset by lower operating results at the Company's BAX Global Inc. ("BAX Global") and Pittston Coal Company ("Pittston Coal") businesses, and by higher corporate expenses.

Net income for the Company for 1997 was $110.2 million compared with $104.2 million for 1996. Revenues in 1997 increased $303.2 million (10%) compared to 1996. Operating profit totaled $188.1 million for 1997, compared with $166.5 million for 1996. Net income and operating profit for 1996 included three significant items which impacted Pittston Coal: a benefit from the settlement of the Evergreen case at an amount lower than previously accrued ($35.7 million or $23.2 million after-tax), a charge related to a new accounting standard regarding the impairment of long-lived assets ($29.9 million or $19.5 million after-tax) and the reversal of excess restructuring liabilities ($11.7 million or $7.6 million after-tax). Net income in 1997 benefited from increased operating profits at Brink's and BHS, partially offset by lower operating results at BAX Global, Pittston Coal and Mineral Ventures.

The following is a discussion of the operating results for Pittston's five segments: Brink's, BHS, BAX Global, Pittston Coal and Mineral Ventures.

BRINK'S

Brink's worldwide consolidated revenues totaled $1.2 billion in 1998 compared to $921.9 million in 1997, a 35% increase. Brink's 1998 operating profit of $98.4 million represented a 21% increase over the $81.6 million of operating profit reported in 1997.

The increase in Brink's worldwide revenues and operating profits in 1998 as compared to 1997 primarily reflects growth in North America and Europe. North America experienced continued strong performance of its armored car business, which includes ATM services. The increase in European revenue was primarily due to the acquisition of substantially all of the remaining shares (62%) of the Brink's affiliate in France in the first quarter of 1998 (discussed below) and its subsidiary in Germany (50%) in the second quarter of 1998. The increase in European operating profits primarily reflects improved results from operations in France, as well as the increased ownership. Operating results during 1998 were negatively impacted by lower profits from Latin America primarily due to an equity loss from Brink's affiliate in Mexico and costs associated with start-up operations in Argentina.

Brink's worldwide consolidated revenues totaled $921.9 million in 1997 compared to $754.0 million in 1996, a 22% increase. Brink's 1997 operating profit of $81.6 million represented a 44% increase over the $56.8 million of operating profit reported in 1996.

The increase in Brink's worldwide revenues in 1997 over 1996 reflects growth across all geographic regions while operating profit increases in 1997 reflect improved results in all regions except Asia/Pacific. Increases in revenues and operating profits in North America were due to strong performance in most product lines. The improvement in European revenues and operating profits in 1997 was due to strong results in most European countries, partially offset by lower results from the then 38% owned affiliate in France. Increases in revenues and operating profit in Latin America were primarily due to the consolidation of the results of Brink's Venezuelan subsidiary,

Custodia y Traslado de Valores, C.A. ("Custravalca"), where Brink's increased its ownership from 15% to 61% in January 1997.

BHS

Revenues for BHS increased by $24.0 million (13%) to $203.6 million in 1998 from $179.6 million in 1997. Revenues in 1997 were $23.8 million (15%) higher than the $155.8 million earned in 1996. The increase in revenues in both years was predominantly the result of higher ongoing monitoring and service revenues caused by growth of the subscriber base (14% in 1998 and 15% in 1997), as well as higher average monitoring fees. As a result of such growth, monthly recurring revenues grew 17% and 21%, in the 1998 and 1997 periods, respectively. Installation revenue for 1998 and 1997 decreased 4% and 3%, respectively, over the earlier year. While the number of new security system installations increased, the revenue per installation decreased in response to continuing competitive pricing pressures.

Operating profit increased $0.2 million and $8.0 in 1998 and 1997, respectively, as compared to a year earlier. The increase in 1997 operating profit over that of 1996 includes an $8.9 million reduction in depreciation expense resulting from a change in estimate (discussed below.) Operating profit in both 1998 and 1997 was favorably impacted by the monitoring and servicing revenue increases mentioned above. However, this benefit was largely offset by upfront marketing and sales costs incurred and expensed in connection with obtaining new subscribers, combined with lower levels of installation revenue. Both of these factors are a consequence of the continuing competitive environment in the residential security market. Management expects to slow the relative increase of these upfront costs during 1999 through intensified focus on marketing and sales efficiencies.

It is BHS' policy to depreciate capitalized subscriber installation expenditures over the estimated life of the security system based on subscriber retention percentages. BHS initially developed its annual depreciation rate based on information about subscriber retention which was available at the time. However, accumulated historical data about actual subscriber retention has indicated that subscribers remained active for longer periods of time than originally estimated. Therefore, in order to reflect the higher demonstrated retention of subscribers, and to more accurately match depreciation expense with monthly recurring revenue generated from active subscribers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscriber installation costs. BHS will continue its practice of charging the remaining net book value of all capitalized subscriber installation expenditures to depreciation expense as soon as a system is identified for disconnection. This change in estimate reduced depreciation expense for capitalized installation costs in 1997 by $8.9 million. As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel and costs incurred in maintaining facilities and vehicles dedicated to the installation process. The effect of this change in accounting principle was to increase operating profit for the Brink's Group and the BHS segment for 1998, 1997 and 1996 by $6.1 million, $4.9 million and $4.5 million, respectively. The effect of this change increased diluted net income per common share of the Brink's Stock by $0.10 in 1998, $0.08 in 1997 and $0.07 in 1996.

BAX GLOBAL INC.

Operating revenues in 1998 increased by 7% to $1.8 billion from $1.7 billion in 1997. BAX Global's operating loss of $0.6 million in 1998 represented a decrease of $63.9 million from the operating profit of $63.3 million reported in 1997. Operating profit in 1998 was negatively impacted by the aforementioned additional expenses of approximately $36 million, which are discussed in more detail below. Operating profit in 1997 included $12.5 million related to consulting expenses for the redesign of BAX Global's business processes and new information systems architecture.

Operating revenues during 1998 increased across all geographic regions. Operating revenues in 1998 benefited from increases in non-expedited freight services revenue which was due to the growth of supply chain management services (formerly "logistics") abroad, along with revenues from a recently acquired airline company discussed below. In addition, expedited freight services revenues increased due to a 4% increase in pounds shipped, partially offset by a 2% decrease in yield on this volume in 1998 as compared to 1997. Lower average yields in 1998 were a function of the higher average pricing in 1997, as well as the negative impact of economic conditions in Asia resulting in less export traffic in 1998 to the higher yielding Asian markets. Pricing in 1997 was favorably impacted by shipment surcharges, as well as higher average pricing in the USA due, in part, to the effects of a strike at United Parcel Service (the "UPS Strike".)

In addition to the aforementioned additional expense of approximately $36 million, the operating loss in 1998 was negatively impacted by higher levels of transportation and operating costs in the USA associated with additional capacity in anticipation of higher volumes, coupled with higher global information technology ("IT") costs including expenditures for Year 2000 initiatives. In addition, operating profit in 1997 included benefits from the UPS Strike.

Total operating revenues in 1997 increased by 12% to $1.7 billion from $1.5 billion in 1996. BAX Global's operating profit of $63.3 million in 1997 represented a decrease of $1.3 million from the operating profit of $64.6 million reported in 1996. Operating profit in 1997 included the previously mentioned $12.5 million of special consulting expenses.

Operating revenues in 1997 increased across all geographic regions due primarily to increases in worldwide expedited freight services pounds shipped (9%), combined with an overall increase (2%) in yield on this volume. Higher average yields were impacted by shipment surcharges, as well as higher average pricing in the USA from the effects of the UPS Strike. Increases in volumes were impacted by the UPS Strike and by increases in USA exports. In addition, revenues during 1997 reflect increases in supply chain management services, primarily the result of the acquisition of an international supply chain management provider, discussed below.

Operating profit in 1997 was favorably impacted by the UPS Strike and by improved margins on USA exports, while 1996 operating profit benefited from the reduction in US Federal excise tax liabilities. These benefits in 1997 were partially offset by higher transportation expenses in the USA associated with additional capacity designed to improve on-time customer service and $12.5 million of special consulting expenses.

During early 1997, BAX Global began an extensive review of the company's IT strategy. Through this review, senior management from around the world developed a new global strategy to improve business processes with an emphasis on new information systems intended to enhance productivity and improve the company's competitive position, as well as address and remediate the company's Year 2000 compliance issues. The company ultimately committed up to $120 million to be spent from 1997 to early 2000 to improve information systems and complete Year 2000 initiatives.

However, in conjunction with priorities established by BAX Global's new president and chief executive officer, who joined the company in June 1998, senior management re-examined its global IT strategy. It was determined that the critical IT objectives to be accomplished by the end of 1999 were Year 2000 compliance and the consolidation and integration of certain key operating and financial systems, supplemented by process improvement initiatives to enhance these efforts. As a result of this re-examination, senior management determined that certain non-critical, in-process IT software development projects that were begun in late 1997 under the BAX Process Innovation ("BPI") project would be terminated. Therefore, costs relating to these projects, which had previously been capitalized, were written off during the third quarter of 1998. Also as a result of this re-examination, certain existing software applications were found to have no future service potential or value. The combined carrying amount of these assets, which were written off, approximated $16 million. It is management's belief at this time that the current ongoing information technology initiatives that originated from the previously mentioned BPI project are necessary and will be successfully completed and implemented. Such costs are included in selling, general and administrative expenses in the statement of operations for the year ended December 31, 1998.

BAX Global recorded additional provisions aggregating approximately $13 million in the third quarter of 1998 related to existing accounts receivable. These provisions were needed primarily as the result of the deterioration of the economic and operating environments in certain international markets, primarily Asia/Pacific and Latin America. As a result of a comprehensive review of accounts receivables, undertaken in response to that deterioration, such accounts receivable were not considered cost effective to pursue further and/or improbable of collection. The majority of the additional provisions were included in selling, general and administrative expenses in the statement of operations.

During the third quarter of 1998, BAX Global recorded severance and other expenses of approximately $7 million. The majority of these expenses related to an organizational realignment proposed by newly elected senior management which included a resource streamlining initiative that required the elimination, consolidation or restructuring of approximately 180 employee positions. The positions reside primarily in the USA and in BAX Global's Atlantic region and include administrative and management-level positions. The estimated costs of severance benefits for terminated employees are expected to be paid through mid-1999. At this time management has no plans to institute further organizational changes which would require significant costs related to involuntary terminations. The related charge has been included in selling, general and administrative expenses in the statement of operations for the year ended December 31, 1998.

The recent deterioration of economic conditions primarily in Latin America and Asia/Pacific have impacted the financial results of BAX Global through the accrual of additional provisions for receivables in those regions in the second, third and fourth quarters of 1998. The potential for further deterioration of the economies in those regions could negatively impact the company's results of operations in the future.

On April 30, 1998, BAX Global acquired the privately held Air Transport International LLC ("ATI") for approximately $29 million in a transaction accounted for as a purchase. ATI is a US-based freight and passenger airline which operates a certificated fleet of DC-8 aircraft providing services to BAX Global and other customers. The ATI acquisition is part of BAX Global's strategy to improve the quality of its service offerings for its customers by increasing its control over flight operations. As a result of this transaction, BAX Global suspended its efforts to start up its own certificated airline carrier operations.

In June 1997, BAX Global completed its acquisition of Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands. BAX Global acquired Cleton for the equivalent of US $10.7 million in cash and the assumption of the equivalent of US $10.0 million of debt. Additional contingent payments ranging from the current equivalent of US $0 to US $3.0 million will be paid over the next two years based on certain performance criteria of Cleton.

PITTSTON COAL

Net sales for 1998 amounted to $503.3 million compared to $612.9 million in 1997, a decrease of $109.6 million (18%). Operating profit of $3.2 million in 1998 represented a $9.0 million decrease (74%) from the $12.2 million operating profit reported in 1997. Operating loss in 1998 included the benefit of $1.5 million from the reversal of excess restructuring liabilities.

Net sales in 1998 were negatively impacted by a decrease of 3.7 million tons of coal sold (18%), primarily resulting from lower production levels caused by the disposition of certain steam coal producing assets discussed below. The disposition of these assets also created a change in the overall sales mix with steam coal sales representing 58% of total volume in 1998 as compared to 63% in 1997. This favorably impacted overall realization per ton as a higher percentage of sales were from metallurgical coal which generally has a higher realization per ton than steam coal. However, overall coal margin per ton decreased 6% from $2.23 per ton to $2.09 per ton due to the corresponding changes in the production mix which resulted in a greater proportion of deep mine production which is generally more costly, combined with a decrease in metallurgical coal margins. Metallurgical coal margins were negatively impacted by lower realizations per ton resulting from lower negotiated pricing with metallurgical contract customers caused by softened market conditions. Management does not anticipate a significant recovery of this market during 1999.

The change in operating profit during 1998 was primarily due to the negative impact of lower overall coal margin per ton. This was partially offset, however, by favorable impacts resulting from higher gains on sales of assets ($3.2 million, discussed below) and a gain on a litigation settlement ($2.6 million) recorded in 1998. Coal Operations anticipates that certain long-term benefit obligation costs will significantly increase in 1999.

Net sales for 1997 amounted to $612.9 million compared to $677.4 million in 1996, a decrease of $64.5 million (10%). Operating profit in 1997 of $12.2 million represented a $7.8 million decrease from the $20.0 million reported in 1996.

Net sales during 1997 decreased due to an 11% (2.5 million tons) decrease in the tons of coal sold, slightly offset by higher average realizations per ton. The reduction in tonnage was due to the expiration of certain long-term steam coal contracts coupled with reduced spot sales. Steam coal sales represented 63% and 65% of total volume in 1997 and 1996, respectively. Average steam realization per ton increased during 1998 due to price escalation provisions in existing long-term contracts, while the metallurgical coal realization per ton decreased due to lower average price settlements with metallurgical customers.

Operating profit in 1997 included a benefit of $3.1 million from the reversal of excess restructuring liabilities. Operating results in 1996 included a benefit of $35.7 million from the settlement of the Evergreen case at an amount lower than previously accrued in 1993 and a benefit from the reversal of excess restructuring liabilities of $11.7 million. These 1996 benefits were offset, in part, by a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets. The charge is included in cost of sales ($26.3 million) and selling, general and administrative expenses ($3.6 million). All three of these items are discussed in greater detail below.

After considering the above items, operating profit increased $6.4 million in 1997 primarily due to the higher level of coal margin per ton, which increased to $2.23 per ton in 1997 from $1.54 per ton in 1996. This was due to a combination of the increase in realization per ton discussed above and a decrease in the current production cost per ton of coal sold. Production costs in 1997 were favorably impacted by lower surface mine costs and decreases in employee benefit and reclamation liabilities. Offsetting the increase in coal margin was a decrease in other operating income which is due to the inclusion in 1996 of a one-time benefit of $3.0 million from a litigation settlement.

During 1998, Pittston Coal continued its program of disposing of idle and under-performing assets in order to improve overall returns, generate cash and reduce its reclamation activities. In connection with this, Pittston Coal disposed of certain assets and properties during 1998 that resulted in a net pre-tax gain of $3.2 million. In the second quarter of 1998, Pittston Coal sold a surface steam mine, coal supply contracts and limited coal reserves of its Elkay mining operation in West Virginia. The referenced mine produced approximately one million tons of steam coal in 1998 prior to cessation of operations in April 1998. Total cash proceeds from the sale approximated $18 million, resulting in a pre-tax loss of approximately $2.2 million. This loss includes approximately $2.0 million of inventory write-downs (included in cost of sales) related to coal which can no longer be blended with other coals produced from these disposed assets. In addition, during the third quarter of 1998, Pittston Coal sold two idle coal properties in West Virginia and a loading dock in Kentucky for a pre-tax gain totaling $5.4 million.

As earlier reported, Pittston Coal had begun to develop a major underground metallurgical coal mine on company-owned reserves

in Virginia. Due to the previously discussed uncertainty in the metallurgical export market, the development of this mine has been delayed.

A controversy related to a method of mining called "mountaintop removal" that began in mid-1998 in West Virginia involving an unrelated party has resulted in a suspension in the issuance of several mining permits. Due to the broadness of the suspension, there has been a delay in Vandalia Resources, Inc., a wholly-owned subsidiary of the Company, being issued in a timely fashion a mine permit necessary for its uninterrupted mining. Vandalia Resources is actively pursuing the issuance of the permit, but the time frame of when, or if, the permit will be issued is currently unknown. In light of the inability to determine when, and if a permit will be issued, the effect of the delay in obtaining this permit cannot be predicted. During the year ended December 31, 1998, mining operations which are pursuing this permit produced approximately 2.7 million tons of coal resulting in revenues of approximately $81.8 million.

At December 31, 1998, Pittston Coal had a liability of $25.2 million for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Pittston Coal will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted, at December 31, 1998, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions, Pittston Coal reversed $11.7 million of the reserve in 1996. The 1996 reversal included $4.8 million related to estimated mine and plant closures, primarily reclamation, and $6.9 million in employee severance and other benefit costs. As a result of favorable workers' compensation claim development, Pittston Coal reversed $1.5 million and $3.1 million in 1998 and 1997, respectively.

The following table analyzes the changes in liabilities during the last three years for restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1995	$1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (a)	842	5,499	3,921	10,262
Other reductions (b)	--	6,267	--	6,267
Balance December 31, 1996	376	12,439	25,285	38,100
Reversals	--	--	3,104	3,104
Payments (c)	376	1,764	2,010	4,150
Other	--	468	(468)	--
Balance December 31, 1997	--	11,143	19,703	30,846
Reversals	--	--	1,479	1,479
Payments (d)	--	1,238	1,917	3,155
Other reductions (b)	--	999	--	999
Balance December 31, 1998	$ --	8,906	16,307	25,213

(a) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993 and $4,658 was for liabilities recorded in 1994.
(b) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.
(c) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.
(d) Of the total payments made in 1998, $2,491 was for liabilities recorded in years prior to 1993, $10 was for liabilities recorded in 1993 and $654 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $3.0 million to $5.0 million. The liability for mine and plant closure costs is expected to be satisfied over the next eight years, of which approximately 34% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to eight years.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which "signatory operators" and "related persons", including the Company and certain of its subsidiaries (collectively, the "Pittston Companies"),

are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share for certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1998, 1997 and 1996, these amounts, on a pretax basis, were approximately $9.6 million, $9.3 million and $10.4 million, respectively. The Company currently estimates that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10 million per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

As a result of legal developments in 1998 involving the Health Benefit Act, the Company experienced an increase in its assessments under the Health Benefit Act for the twelve month period beginning October 1, 1998, approximating $1.7 million, $1.1 million of which relates to retroactive assessments for years prior to 1998. This increase consists of charges for death benefits which are provided for by the Health Benefit Act, but which previously have been covered by other funding sources. As with all the Company's Health Benefit Act assessments, this amount is to be paid in 12 equal monthly installments over the plan year beginning October 1, 1998. The Company is unable to determine at this time whether any other additional amounts will apply in future plan years.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' beneficiaries remaining at December 31, 1998 at approximately $216 million, which when discounted at 7.0% provides a present value estimate of approximately $99 million. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and the annual cost is recognized on a pay-as-you-go basis.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain post-retirement health benefits for thousands of retired union mine workers and their dependents. Substantially all of the Company's accumulated post-retirement benefit obligation as of December 31, 1998 for retirees of $282.7 million relates to such retired workers and their beneficiaries.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined.

In 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Minerals Group recognized in their financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case.

In late March 1996, a settlement was reached in the Evergreen Case. Under the terms of the settlement the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25.8 million upon dismissal of the Evergreen Case and the remainder of $24.0 million in installments of $7.0 million in 1996 and $8.5 million in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second, third and fourth (last) payments were paid according to schedule and were funded from cash provided by operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan. As a result of the settlement of the Evergreen Case at an amount lower than those previously accrued, the Minerals Group recorded a benefit of approximately $35.7 million ($23.2 million after-tax) in the first quarter of 1996 in its financial statements.

In 1996, the Minerals Group adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 requires companies to review assets for impairment whenever circumstances indicate that the carrying amount for an asset may not be recoverable. SFAS No. 121 resulted in a pre-tax charge to 1996 earnings for Pittston Coal of $29.9 million ($19.5 million after-tax), of which $26.3 million was included in cost of sales and $3.6 million was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advanced royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment. No material charges were incurred in 1998 or 1997.

The coal operating companies included within Pittston Coal are generally liable under federal laws requiring payment of benefits to coal miners with pneumoconiosis ("black lung"). The Black

Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977 (the "1977 Act"), as amended by the Black Lung Benefits and Revenue Amendments Act of 1981 (the "1981 Act"), expanded the benefits for black lung disease and levied a tax on coal production of $1.10 per ton for deep-mined coal and $0.55 per ton for surface-mined coal, but not to exceed 4.4% of the sales price. In addition, the 1981 Act provides that certain claims for which coal operations had previously been responsible will be obligations of the government trust funded by the tax. The 1981 Act also tightened standards set by the 1977 Act for establishing and maintaining eligibility for benefits. The Revenue Act of 1987 extended the termination date of the tax from January 1, 1996 to the earlier of January 1, 2014 or the date on which the government trust becomes solvent. The Company cannot predict whether any future legislation effecting changes in the tax will be enacted. A number of the subsidiaries of the Company filed a civil action in the United States District court for the Eastern District of Virginia asking the Court to find that the assessment of the black lung tax on coal the Company subsidiaries sold to foreign customers for the first quarter of 1997 was unconstitutional. On December 28, 1998, the District court found the black lung tax, as assessed against foreign coal sales, to be unconstitutional and entered judgment for the Company's subsidiaries in an amount in excess of $0.7 million. The Company will seek a refund of the black lung tax it paid on any of its foreign coal sales for periods as far back as applicable statute of limitations will permit. The ultimate amounts and timing of such refunds, if any, cannot be determined at the present time.

MINERAL VENTURES

Net sales during 1998 were $15.3 million, a decrease of $2.4 million (13%) from the $17.7 million reported in 1997. The operating loss of $1.0 million in 1998 represents a $1.1 million improvement from the $2.1 million operating loss of 1997.

The decrease in net sales during 1998 was due to lower gold sales resulting from declining gold prices in the market, partially offset by higher levels of gold ounces sold. Operating profit during the same period was negatively impacted by lower sales levels, but benefited from reduced production costs. Production costs were lower in 1998 primarily due to a weaker Australian dollar, while costs in 1997 were negatively impacted by unfavorable ground conditions and mine repair costs. In addition, operating results in 1998 benefited from increased equity earnings in its Australian affiliate resulting from a gain on the sale of certain nickel operations.

Net sales during 1997 were $17.7 million, a decrease of $1.4 million (7%) from the $19.1 million reported in 1996. The operating loss of $2.1 million in 1997 represents a $3.7 million decrease from the $1.6 million operating profit earned in 1996.

The decrease in net sales during 1997 was due to lower gold sales. While gold prices improved from 1996 to 1997, the lower level of gold ounces sold more than offset the higher pricing. The reduction in operating profit during 1997 was due to these lower sales levels combined with increases in production and other operating costs. As mentioned above, production costs in 1997 were higher due to unfavorable ground conditions and mine repair costs, while other operating costs were higher due to increased gold exploration costs.

FOREIGN OPERATIONS

A portion of the Company's financial results is derived from activities in a number of foreign countries located in Europe, Asia and Latin America each with a local currency other than the US dollar. Because the financial results of the Company are reported in US dollars, they are affected by changes in the value of the various foreign currencies in relation to the US dollar. Changes in exchange rates may also adversely affect transactions which are denominated in currencies other than the functional currency. The Company periodically enters into such transactions in the course of its business. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency fluctuations may have in any one country on the translated results. The Company, from time to time, uses foreign currency forward contracts to hedge transactional risks associated with foreign currencies. (See "Market Risk Exposures" below.) Translation adjustments of net monetary assets and liabilities denominated in the local currency relating to operations in countries with highly inflationary economies are included in net income, along with all transaction gains or losses for the period. Subsidiaries in Venezuela and an affiliate and a subsidiary in Mexico operate in such highly inflationary economies. Prior to January 1, 1998, the economy in Brazil, in which the Company has subsidiaries, was also considered highly inflationary. As of January 1, 1999, the economy of Mexico will no longer be considered hyperinflationary.

The Company is also subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions, political instability, controls on repatriation of earnings and capital, nationalization, expropriation and other forms of restrictive action by local governments. The future effects, if any, of such risks on the Company cannot be predicted.

CORPORATE EXPENSES

In 1998, general corporate expenses totaled $27.9 million compared with $19.7 million and $21.4 million in 1997 and 1996, respectively. Corporate expenses in 1998 included costs associated with a severance agreement with a former member of the Company's senior management and $5.8 million of additional expenses relating to a retirement agreement between the Company and its former Chairman and CEO. Corporate expenses in 1996 reflect the costs associated with the relocation of the Company's corporate headquarters to Richmond, Virginia, which approximated $2.9 million.

OTHER OPERATING INCOME, NET

48

Other net operating income principally includes the Company's share of net income of unconsolidated foreign affiliates, royalty income, foreign currency exchange gains and losses, and gains and losses from sales of coal assets. Other net operating income for 1998 increased $7.1 million to $21.1 million and decreased $3.4 million in 1997 from the $17.4 million recorded in 1996. The higher level of other net operating income in 1998 primarily relates to higher levels of gains on the sale of coal assets, a gain on a litigation settlement by Pittston Coal and higher levels of net income of Minerals Ventures unconsolidated Australian foreign affiliate. Partially offsetting these amounts are lower foreign currency exchange gains. The lower level of other net operating income in 1997 was primarily due to a $3.0 million one-time benefit related to a Pittston Coal litigation settlement in 1996.

INTEREST EXPENSE, NET

Net interest expense totaled $33.7 million in 1998 compared with $22.7 million in 1997 and $10.6 million in 1996. The increase in 1998 was primarily due to unusually high interest rates in Venezuela associated with local currency borrowings in that country, and to a lesser extent was due to borrowings resulting from capital expenditures and from acquisitions by both Brink's and BAX to expand their operations. The increase in 1997 over 1996 is predominantly due to borrowings resulting from capital expenditures and from acquisitions by both Brink's and BAX Global to expand their operations.

OTHER INCOME/EXPENSE, NET

Other net income in 1998 of $3.8 million represented an $11.0 million increase from the $7.1 million net expense reported in 1997 which was $2.1 million lower than the net expense of $9.2 million in 1996. Other net income in 1998 reflects higher foreign translation gains, lower minority interest expense for Brink's consolidated affiliates and a gain on the sale of surplus aircraft by BAX Global. The higher level of other net operating expense in 1996 was due primarily to an increase in minority interest expense for Brink's consolidated affiliates, offset in part by lower foreign translation losses.

INCOME TAXES

In 1998, 1997 and 1996, the provision for income taxes was less than the statutory federal income tax rate of 35% primarily due to the tax benefits of percentage depletion and lower taxes on foreign income, partially offset by provisions for goodwill amortization and state income taxes.

Based on the Company's historical and expected taxable earnings, management believes it is more likely than not that the Company will realize the benefit of the existing deferred tax asset at December 31, 1998.

FINANCIAL CONDITION

CASH FLOW REQUIREMENTS

Cash provided by operating activities totaled $231.8 million, a decrease of $36.3 million from the $268.1 million generated during 1997. Lower levels of net income combined with higher funding requirements for operating assets and liabilities were partially offset by higher levels of non-cash charges. Net cash provided by operating activities did not fully fund investing activities (primarily capital expenditures, acquisitions and aircraft heavy maintenance) and share activities, resulting in a net increase in debt of $107.9 million.

CAPITAL EXPENDITURES

Cash capital expenditures for 1998 totaled $256.6 million, $82.8 million higher than 1997. Of the amount of cash capital expenditures, $81.7 million (32%) was spent by BHS, $75.6 million (29%) was spent by BAX Global, $74.7 million (29%) was spent by Brink's, $20.6 million (8%) was spent by Pittston Coal and $3.4 million (1%) was spent by Mineral Ventures. Expenditures were primarily for new BHS customer installations, replacement and maintenance of assets used in current ongoing business operations and the development of new information systems. Cash capital expenditures in 1999 are currently expected to approximate $245 million.

The foregoing amounts exclude expenditures that have been or are expected to be financed through capital and operating leases and any acquisition expenditures.

FINANCING

The Company intends to fund capital expenditures through cash flow from operating activities or through operating leases if the latter are financially attractive. Shortfalls, if any, will be financed through the Company's revolving credit agreements or other borrowing arrangements.

Total debt outstanding at December 31, 1998 was $448.1 million, an increase of $204.8 million from the $243.3 million outstanding at December 31, 1997. The net increase in debt primarily relates to acquisitions by Brink's and BAX Global during the year, as well as additional cash required to fund capital expenditures. As a result of changes in certain recourse provisions during 1998, as of December 31, 1998, certain receivable financing transactions were accounted for as transfers of the receivables, resulting in the uncollected receivables balances remaining on the balance sheet with a corresponding short-term obligation of $29.7 million recognized. During 1997, these transactions were accounted for as sales of receivables, resulting in the removal of the receivables from the balance sheet.

The Company has a $350.0 million credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and also permits additional borrowings, repayments and reborrowings of up to an aggregate of

$250.0 million. The maturity date of both the term loan and revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31, 1998 and 1997, borrowings of $100.0 million were outstanding under the term loan portion of the Facility and $91.6 million and

$25.9 million, respectively, of additional borrowings were outstanding under the remainder of the Facility.

Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398 million at December 31, 1998.

In the first quarter of 1998, in connection with its acquisition of substantially all of the remaining shares (62%) of its Brink's France affiliate ("Brink's S.A."), the Company made a note to the seller for a principal amount of US $27.5 million payable in annual installments plus interest through 2001. In addition, borrowings of approximately US $19 million and capital leases of approximately US $30 million were assumed.

In connection with its acquisition of Custravalca, the Company entered into a borrowing arrangement with a syndicate of local Venezuelan banks. The borrowings consisted of a long-term loan denominated in the local currency equivalent to US $40.0 million and a $10.0 million short-term loan denominated in US dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. As of December 31, 1998, total borrowings under this arrangement were equivalent to US $27.2 million.

MARKET RISK EXPOSURES

The Company has activities in a number of foreign countries located in Europe, Asia and Latin America, which expose it to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates, and commodity prices. These financial exposures are monitored and managed by the Company as an integral part of its overall risk management program. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency rate fluctuations may have in any one country on the translated results. The Company's risk management program considers this favorable diversification effect as it measures the Company's exposure to financial markets and as appropriate, seeks to reduce the potentially adverse effects that the volatility of certain markets may have on its operating results.

The Company enters into various derivative and non-derivative hedging instruments, as discussed below, to hedge its foreign currency, interest rate, and commodity exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. Management of the Company does not expect any losses due to such counterparty default.

The Company assesses interest rate, foreign currency, and commodity risks by continually identifying and monitoring changes in interest rate, foreign currency and commodity exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Company maintains risk management control systems to monitor these risks attributable to both the Company's outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates, foreign currency rates and commodity prices on the Company's future cash flows. The Company does not use derivative instruments for purposes other than hedging.

The sensitivity analyses discussed below for the market risk exposures were based on several assumptions. The disclosures with respect to foreign exchange, interest rate and commodity risks do not take into account forecasted foreign exchange, interest rate or commodity transactions. Actual results will be determined by a number of factors that are not under management's control and could vary significantly from those disclosed.

Interest Rate Risk

The Company primarily uses variable-rate debt denominated in US dollars and foreign currencies, including Venezuelan bolivars, French francs, Singapore dollars, and Dutch guilders, to finance its operations. These debt obligations expose the Company to variability in interest expense due to changes in the general level of interest rates in these countries. Venezuela is considered a highly inflationary economy, and therefore, the effects of increases or decreases in that country's interest rates may be partially offset by corresponding decreases or increases in the currency exchange rates which will affect the US dollar value of the underlying debt. In order to limit the variability of the interest expense on its debt denominated in US currency, the Company converts the variable-rate cash flows on a portion of its $100 million term-loan, which is part of the Facility (see Note 7), to fixed-rate cash flows by entering into interest rate swaps which involve the exchange of floating interest payments for fixed interest payments.

In addition, to the US dollar denominated fixed interest rate swaps, the Company also has fixed-rate debt denominated in US dollars and foreign currencies (primarily French francs). The fixed rate debt and interest rate swaps are subject to fluctuations in their fair values as a result of changes in interest rates.

Based on the overall interest rate level of both US dollar and foreign currency denominated variable rate debt outstanding at December 31, 1998, a hypothetical 10% change (as a percentage of interest rates on outstanding debt) in the Company's effective interest rate from year-end 1998 levels would change interest expense by approximately $3.5 million over a twelve month period. Debt designated as hedged by the interest rate swaps has been excluded from this amount. The effect on the fair value of US and foreign currency denominated fixed rate debt (including US dollar fixed interest rate swaps) for a hypothetical 10% uniform shift (as a percentage of market interest rates) in the yield curves for interest rates in various countries from year-end 1998 levels would be immaterial.

Foreign Currency Risk

The Company has certain exposures to the effects of foreign exchange rate fluctuations on reported results in US dollars of foreign operations. Due in part to the favorable diversification effects resulting from operations in various countries located in Europe, Asia and Latin America, including Canada, Australia, the United Kingdom, France, Holland, South Africa, Germany, Mexico, Brazil, Venezuela, Colombia, Singapore, Japan, and India, the Company does not generally enter into foreign exchange hedges to mitigate these exposures.

The Company is exposed periodically to the foreign currency rate fluctuations that affect transactions not denominated in the functional currency of domestic and foreign operations. To mitigate these exposures, the Company, from time to time, enters into foreign currency forward contracts.

Mineral Ventures has operations which are exposed to currency risk arising from gold sales denominated in US dollars while its local operating costs are denominated in Australian dollars. Mineral Ventures utilizes foreign currency forward contracts to hedge the variability in cash flows resulting from these exposures for up to two years into the future.

In addition, the Company has net investments in a number of foreign subsidiaries which are translated at exchange rates at the balance sheet date. Resulting cumulative translation adjustments are recorded as a separate component of shareholders' equity and exposes the Company to adjustments resulting from foreign exchange rate volatility. The Company, at times, uses non-derivative financial instruments to hedge this exposure. Currency exposure related to the net assets of the Brink's subsidiary in France are managed, in part, through a foreign currency denominated debt agreement (seller financing) entered into as part of the acquisition by the Company. Gains and losses in the net investment in subsidiaries are offset by losses and gains in the debt obligations. All other hedges of net investments in foreign subsidiaries were immaterial to the Company. The translation adjustments for hyperinflationary economies in which the Company operates (currently Mexico and Venezuela) are recorded as a component of net income and exposes the Company to adjustments resulting from foreign exchange rate volatility.

The effects of a hypothetical simultaneous 10% appreciation in the US dollar from year end 1998 levels against all other currencies of countries in which the Company operates were measured for their potential impact on, 1) translation of earnings into US dollars based on 1998 results, 2) transactional exposures, and 3) translation of balance sheet equity accounts. The hypothetical effects would be approximately $3.0 million unfavorable for the translation of earnings into US dollars, approximately $1.4 million unfavorable earnings effect for transactional exposures, and approximately $22.1 million unfavorable for the translation of balance sheet equity accounts.

COMMODITIES PRICE RISK

The Company consumes or sells various commodities in the normal course of its business and utilizes derivative instruments to minimize the variability in forecasted cash flows due to adverse price movements in these commodities. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

The Company utilizes forward swap contracts for the purchase of jet fuel to fix a portion of forecasted jet fuel costs at specific price levels and it utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of jet fuel. The Company utilizes forward gold sales contracts to fix the selling price on a certain portion of its forecasted gold sales from the Stawell gold mine. The Company utilizes forward swap contracts for the purchase of diesel fuel to fix a portion of its forecasted diesel fuel costs at specific price levels and it utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of diesel fuel.

The following table represents the Company's outstanding commodity hedge contracts as of December 31, 1998:

(In thousands, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value
Forward gold sale contracts (a)	$ 41	$ 292	$18
Forward swap contracts:			
Jet fuel purchases (pay fixed) (b)	16,000	0.4923	(2,133)
Diesel fuel purchases (pay fixed) (b)	1,600	0.4180	(137)
Commodity options:			
Diesel Fuel - purchased			

call contracts (pay fixed) (b)	1,600	0.4180	7

(a) Ounces of gold.
(b) Gallons of fuel.

READINESS FOR YEAR 2000: SUMMARY

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. If not corrected, many date-sensitive applications could fail or create erroneous results by or in the year 2000. The Company understands the importance of having systems and equipment operational through the year 2000 and beyond and is committed to addressing these challenges while continuing to fulfill its business obligations to its customers and business partners. Year 2000 project teams have been established which are intended to make information technology assets, including embedded microprocessors ("IT assets"), non-IT assets, products, services and infrastructure Year 2000 ready.

READINESS FOR YEAR 2000: STATE OF READINESS

The following is a description of the Company's state of readiness for each of its operating units.

Brink's

The Brink's Year 2000 Project Team has divided its Year 2000 readiness program into six phases: (i) inventory, (ii) assessment, (iii) renovation, (iv) validation/testing, (v) implementation and (vi) integration. Worldwide, Brink's is largely in the renovation, validation/testing and implementation phases of its Year 2000 readiness program.

Brink's North America

With respect to Brink's North American operations, all core IT systems have been identified, renovation has taken place and the Year 2000 project is currently in both the implementation and integration phases. The implementation phase of the core operational systems is expected to be completed by the second quarter of 1999. Non-IT systems, including armored vehicles, closed circuit televisions, videocassette recorders and certain currency processing equipment, are in the assessment phase and certain renovation/replacement has been done. The renovation and validation phases for non-IT systems are expected to continue through the second quarter of 1999. As of December 31, 1998, most of Brink's North America IT systems have been tested and validated as Year 2000 ready. Brink's believes that all its IT and non-IT systems will be Year 2000 compliant or that there will be no material adverse effect on operations or financial results due to non-compliance.

Brink's International

All international affiliates have been provided with an implementation plan, prepared by the Global Year 2000 Project Team. In addition, there is senior management sponsorship in all international countries. The implementation plan requires semi-monthly reports as to the status of each category in each country. The categories include core systems, non-core systems, hardware, facilities, special equipment, voice/data systems, etc. Countries in Europe, Latin America and Asia/Pacific are in varying phases of the Year 2000 readiness program. In Europe, core systems have been identified, some are in the remediation and validation/testing phase, with others currently in the implementation and integration phases. In both Latin America and Asia/Pacific, most countries are currently in active renovation with several completing testing and implementation on core systems. Brink's plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000.

BHS

The BHS Year 2000 Project Team has divided its Year 2000 readiness program into four phases: (i) assessment, (ii) remediation/replacement, (iii) testing and (iv) integration. As of December 31, 1998, BHS has completed the assessment and remediation/replacement phases. BHS is currently in both the testing and integration phases. BHS plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000. As of December 31, 1998, at least 90% of BHS' IT and non-IT assets systems have been tested and verified as Year 2000 ready.

BAX Global

The BAX Global Year 2000 Project Team has divided its Year 2000 readiness program into five phases: (i) inventory, (ii) assess and test, (iii) renovate, (iv) test and verify and (v) implement. At December 31, 1998, on a global basis, the inventory phase has been completed in the US and Europe and is substantially complete in Asia. During the first quarter of 1999, the inventory phase was on a global basis completed. Assessment of major systems in the Americas and Europe has been completed, with readiness testing now underway. Assessment is currently underway in Asia. Renovation activities for major systems are in process as are replacement activities for non-compliant components and systems that are not scheduled for renovation. Testing has also begun for systems that have been renovated. BAX Global plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000. As of December 31, 1998, more than 30% of the BAX Global's IT and non-IT assets systems have been tested and verified as Year 2000 ready.

Pittston Coal and Mineral Ventures

The Pittston Coal and Mineral Ventures Year 2000 Project Teams have divided their Year 2000 readiness programs into four phases: (i) assessment, (ii) remediation/replacement, (iii) testing, and (iv) integration. At December 31, 1998, the majority of the core IT assets are either already Year 2000 ready or in the testing or integration phases. Those assets that are not yet Year 2000 ready are scheduled to be remediated or replaced by the second quarter of 1999, with testing and integration to begin concurrently. Pittston Coal and Mineral Ventures plan to have completed all phases of their Year 2000 readiness programs on a timely basis prior to Year 2000. As of December 31, 1998, approximately 80% of hardware systems and embedded systems have been tested and verified as Year 2000 ready.

The Company

As part of its Year 2000 projects, the Company has sent comprehensive questionnaires to significant suppliers, and others with which it does business, regarding their Year 2000

compliance and is in the process of identifying significant problem areas with respect to these business partners. The Company is relying on such third parties' representations regarding their own readiness for Year 2000. This process will be ongoing and efforts with respect to specific problems identified will depend in part upon its assessment of the risk that any such problems may have a material adverse impact on its operations.

Further, the Company relies upon government agencies (particularly the Federal Aviation Administration and customs agencies worldwide), utility companies, telecommunication service companies and other service providers outside of its control. According to a recent General Accounting Office report to Congress, some airports will not be prepared for the Year 2000 and the problems these airports experience could impede traffic flow throughout the nation. As with most companies, the Company is vulnerable to significant suppliers', customers', and other third parties' inability to remedy their own Year 2000 issues. As the Company cannot control the conduct of its customers, suppliers or other third parties, there can be no guarantee that Year 2000 problems originating with a supplier or other third party will not occur.

READINESS FOR YEAR 2000: COSTS TO ADDRESS

The Company anticipates incurring remediation and acceleration costs for its Year 2000 readiness programs. Remediation includes the identification, assessment, remediation and testing phases of its Year 2000 readiness programs. Remediation costs include both the costs of modifying existing software and hardware as well as purchases that replace existing hardware and software that is not Year 2000 ready. Most of these costs will be incurred by Brink's Inc. and BAX Global. Acceleration costs include costs to purchase and/or develop and implement certain information technology systems whose implementation have been accelerated as a result of the Year 2000 readiness issue. Again most of these costs will be incurred by Brink's Inc. and BAX Global.

Total anticipated remediation and acceleration costs are detailed in the table below:

		Acceleration	
(Dollars in millions)	Capitalized	Expensed	Total
Total anticipated Year 2000 costs	$23.7	5.8	29.5
Incurred through December 31, 1998	13.9	1.8	15.7
Remainder	$ 9.8	4.0	13.8

		Remediation	
	Capitalized	Expensed	Total
Total anticipated Year 2000 costs	$15.0	17.9	32.9
Incurred through December 31, 1998	6.5	9.8	16.3
Remainder	$ 8.5	8.1	16.6

		Total	
	Capitalized	Expensed	Total
Total anticipated Year 2000 costs	$38.7	23.7	62.4
Incurred through December 31, 1998	20.4	11.6	32.0
Remainder	$18.3	12.1	30.4

READINESS FOR YEAR 2000: THE RISKS OF THE YEAR 2000 ISSUE

The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect results of operations, liquidity and financial condition of the Company.

The following is a description of the Company's risks of the Year 2000 issue for each of its operating units:

Brink's

Brink's believes its most reasonably likely worst case scenario is that it will experience a number of minor system malfunctions and errors in the early days and weeks of the Year 2000 that were not detected during its renovation and testing efforts. Brink's currently believes that these problems will not be overwhelming and are not likely to have a material effect on the Company's operations or financial results. Brink's may experience some additional personnel expenses related to Year 2000 failures, but such expenses are not expected to be material. As noted above, Brink's is vulnerable to significant suppliers', customers' and other third parties' inability to remedy their own Year 2000 issues. As Brink's cannot control the conduct of its suppliers or other third parties, there can be no guarantee that Year 2000 problems originating with a supplier, customer or other third party will not occur. However, Brink's program of communication with major third parties with whom they do business is intended to minimize any potential risks related to third party failures.

BHS

BHS has begun an analysis of the operational problems and costs that would be reasonably likely to result from the failure by BHS and certain third parties to complete efforts necessary to achieve Year 2000 readiness on a timely basis. BHS believes its most reasonably likely worst case scenario is that its ability to receive alarm signals from some or all of its customers may be disrupted due to temporary regional service outages sustained by third party electric utilities, local telephone companies, and/or long distance telephone service providers. Such outages could occur regionally, affecting clusters of customers, or could occur at BHS's principal monitoring facility, possibly affecting the ability to provide service to all customers. BHS currently believes that these problems will not be overwhelming and are not likely to have a material effect on the Company's operations or financial condition.

BAX Global

The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect results of operations, liquidity and financial condition of BAX Global. The extent to which such a failure may adversely affect operations is being assessed. BAX Global believes its most reasonably likely worst case scenario is that it will experience a number of minor system malfunctions and errors in the early days and weeks of the Year 2000 that were not detected during its renovation and testing efforts. BAX Global currently believes that these problems will not be overwhelming and are not likely to have a material effect on the company's operations or financial results. As noted above, BAX Global is vulnerable to significant suppliers', customers' and other third parties' (particularly government agencies such as the Federal Aviation Administration and customs agencies worldwide) inability to remedy their own Year 2000 issues. As BAX Global cannot control the conduct of third parties, there can be no guarantee that Year 2000 problems originating with a supplier, customer or other third party will not occur. However, BAX Global's program of communication and assessments of major third parties with whom they do business is intended to minimize any potential risks related to third party failures.

Pittston Coal and Mineral Ventures

Pittston Coal and Mineral Ventures believe that their internal information technology systems will be renovated successfully prior to year 2000. All "Mission Critical" systems have been identified that would cause the greatest disruption to the organizations. The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures should have no material or significant adverse effect on the results of operations or financial condition of the Company. Pittston Coal and Mineral Ventures believe they have identified their likely worst case scenarios. The likely worst case scenarios, assuming no external failures such as power outages or delays in railroad transportation services, could be delays in invoicing customers and payment of vendors. These likely worst case scenarios, should they occur, are not expected to result in a material impact on the Company's financial statements. The production of coal and gold is not heavily dependent on computer technology and would continue with limited impact.

READINESS FOR YEAR 2000: CONTINGENCY PLAN

The following is a description of the Company's contingency plans for each of its operating units:

Brink's

A contingency planning document, which was developed with the assistance of an external facilitator, is being finalized for Brink's North American operations. Brink's provides a number of different services to its customers and each type of service line was reviewed during the contingency planning sessions. This contingency planning document addresses the issue of what Brink's response would be should a system/device fail, as well as what preparations and actions are required beforehand to ensure continuity of services if those identified systems failed. This includes, in some cases, reverting to paper processes to track and handle packages, additional staff if required and increased supervisory presence. Brink's may experience some additional personnel expenses related to any Year 2000 failures, but they are not expected to be material. This contingency planning document is being made available to Brink's International operations to use as a guidance in developing appropriate contingency plans at each of their locations and for the specific services they provide to their customers.

BHS

BHS has begun to develop a contingency plan, which is expected to be completed in the first half of 1999, for dealing with the most reasonably likely worst case scenario. This contingency planning document will address the issue of what BHS's response would be should it sustain a service outage encountered by the third party electric utility, local telephone company, and/or primary long distance telephone service provider at its principal monitoring facility. This includes, among other things, the testing of redundant system connectivity routed through multiple switching stations of the local telephone company, and testing of backup electric generators at both BHS's principal and backup monitoring facilities.

BAX Global

During the first quarter of 1999, BAX Global began developing a contingency plan for dealing with its most reasonably likely worst case scenario. The foundation for BAX Global's Year 2000 readiness program is to ensure that all mission-critical systems are renovated/replaced and tested at least six months prior to when a Year 2000 failure might occur if the program were not undertaken.

Pittston Coal and Mineral Ventures

Pittston Coal and Mineral Ventures have not yet developed contingency plans for dealing with their most likely worst case scenarios. Pittston Coal and Mineral Ventures are expected to develop contingency plans. The foundation for their Year 2000 Programs is to ensure that all mission-critical systems are renovated/replaced and tested at least three months prior to when a Year 2000 failure might occur if the programs were not undertaken. As of December 31, 1998, all mission-critical systems, with the exception of human resources-related systems, have been tested and verified as Year 2000 ready. These human resources-related systems are not Year 2000 ready and are scheduled to be replaced by mid-1999. In addition, as a normal course of business, Pittston Coal and Mineral

Ventures maintain and deploy contingency plans designed to address various other potential business interruptions. These plans may be applicable to address the interruption of support provided by third parties resulting from their failure to be Year 2000 ready.

READINESS FOR YEAR 2000: FORWARD LOOKING INFORMATION

This discussion of the Company's readiness for Year 2000, including statements regarding anticipated completion dates for various phases of the Company's Year 2000 project, estimated costs for Year 2000 readiness, the determination of likely worst case scenarios, actions to be taken in the event of such worst case scenarios and the impact on the Company of any delays or problems in the implementation of Year 2000 initiatives by the Company and/or any public or private sector suppliers and service providers and customers involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Company, include, but are not limited to, government regulations and/or legislative initiatives, variations in costs or expenses relating to the implementation of Year 2000 initiatives, changes in the scope of improvements to Year 2000 initiatives and delays or problems in the implementation of Year 2000 initiatives by the Company and/or any public or private sector suppliers and service providers and customers.

EURO CONVERSION

As part of the European Economic and Monetary Union, a single currency (the "Euro") will replace the national currencies of most of the European countries in which the Company conducts business. The conversion rates between the Euro and the participating nations' currencies were fixed irrevocably as of January 1, 1999, and the participating national currencies will be removed from circulation between January 1 and June 30, 2002 and replaced by Euro notes and coinage. The Company is able to receive Euro denominated payments and invoice in Euro as requested by vendors and suppliers as of January 1, 1999 in the affected countries. Full conversion of all affected country operations to the Euro is expected to be completed by the time national currencies are removed from circulation. The effects of the conversion to the Euro on revenues, costs and business strategies is not expected to be material.

CONTINGENT LIABILITIES

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.6 million and $11.2 million and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgement that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe

that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Company's results of operations or financial position.

CAPITALIZATION

The Company has three classes of common stock: Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, BAX Group and Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Brink's Group consists of the Brink's and BHS operations of the Company. The BAX Group consists of the BAX Global operations of the Company. The Minerals Group consists of the Pittston Coal and Mineral Ventures operations of the Company. The Company prepares separate financial statements for the Brink's, BAX and Minerals Groups, in addition to consolidated financial information of the Company.

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January 1994 the Company issued $80.5 million (161,000 shares) of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), convertible into Minerals Stock. The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board and bears a liquidation preference of $500 per share, plus an attributed amount equal to accrued and unpaid dividends thereon.

Under the share repurchase programs authorized by the Board of Directors (the "Board"), the Company purchased shares in the periods presented as follows:

(Dollars in millions, shares in thousands)	Years Ended December 31 1998	1997
Brink's Stock:		
Shares	150	166
Cost	$ 5.6	4.3
BAX Stock:		
Shares	1,047	332
Cost	$ 12.7	7.4
Convertible Preferred Stock		
Shares	0.4	1.5
Cost	$ 0.1	0.6
Excess carrying amount (a)	$ 0.0	0.1

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years. This amount is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1998, the Company had the remaining repurchase authority with respect to the Convertible Preferred Stock of $24.2 million. As of December 31, 1998, the Company had remaining authority to purchase over time 1.0 million shares of Pittston Minerals Group Common Stock; 1.0 million shares of Pittston Brink's Common Stock; and 1.5 million shares of Pittston BAX Group Common Stock. The aggregate purchase price limitation for all common stock was $24.7 million at December 31, 1998. The authority to repurchase shares remains in effect in 1999.

As of December 31, 1998, debt as a percent of capitalization (total debt and shareholders' equity) was 38%, compared with 26% at December 31, 1997. The increase in the debt ratio since December 1997 was due to the 7% increase in shareholders' equity compared to the 84% increase in total debt (primarily the result of acquisitions as previously discussed).

DIVIDENDS

The Board intends to declare and pay dividends, if any, on Brink's Stock, BAX Stock and Minerals Stock based on the earnings, financial condition, cash flow and business requirements of the Brink's Group, BAX Group and the Minerals Group, respectively. Since the Company remains subject to Virginia law limitations on dividends, losses by one Group could

affect the Company's ability to pay dividends in respect of stock relating to the other Group. Dividends on Minerals Stock are also limited by the Available Minerals Dividend Amount as defined in the Company's Articles of Incorporation. The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31, 1998, 1997 and 1996 the Available Minerals Dividend Amount was at least $8.1 million, $15.2 million and $22.1 million, respectively.

Since its distribution of Minerals Stock in 1993 and through March 31, 1998, the Company has paid a cash dividend to its Minerals Stock shareholders at an annual rate of $0.65 per share. In May 1998, the Company reduced the annual dividend rate on Minerals Stock to $0.10 per share for shareholders as of the May 15, 1998 record date.

The Company continues its focus on the financial and capital needs of the Minerals Group companies and, as always, is considering all strategic uses of available cash, including dividend payments, with a view towards maximizing long-term shareholder value.

During 1998 and 1997, the Board declared and the Company paid dividends amounting to $0.10 per share and $0.24 per share of Brink's Stock and BAX Stock, respectively. At present, the annual dividend rate for Brink's Stock is $0.10 per share, for Minerals Stock is $0.10 per share and for BAX Stock is $0.24 per share.

In 1998 and 1997, dividends paid on the Convertible Preferred Stock amounted to $3.5 million and $3.6 million, respectively.

ACCOUNTING CHANGES

The Company adopted Statement of Financing Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the Company implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. The adoption of SOP No. 98-1 had no material impact on the Company.

The Company implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 17 to the Consolidated Financial Statements.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the Company has elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. In accordance with the transition provisions of SFAS No. 133, the Company recorded a net transition adjustment resulting in a loss of $3.7 million (net of related income taxes of $2.0 million) in accumulated other comprehensive income at October 1, 1998 in order to recognize at fair value all derivatives that are designated as cash-flow hedging instruments.

PENDING ACCOUNTING CHANGES

In April 1998, the AICPA issued SOP No. 98-5, "Reporting on the Costs of Start-Up Activities." SOP No. 98-5, which provides guidance on the reporting of start-up costs and organization costs, requires that such costs be expensed as incurred. This SOP is effective for the Company for the year beginning January 1, 1999. Initial application of the SOP is required to be reported as a cumulative effect of a change in accounting principle as of the beginning of the year of adoption. Due to the complexity of the mining industry, the Company is still in the process of determining how this SOP will impact its results of operations for the period ending March 31, 1999. Current indications are that the implementation of the SOP could negatively impact results of operations up to $6 million.

SUBSEQUENT EVENT

Effective March 15, 1999, under the Company's preferred share purchase program, the Company purchased 0.08 million shares of the Convertible Preferred Stock at $250 per share for a total cost approximating $21 million. The excess of the carrying amount over the cash paid for the repurchase was approximately $19.2 million. In addition, on March 12, 1999, the Board authorized an increase in the remaining authority to repurchase Convertible Preferred Stock by $4.3 million.

As previously discussed, the Available Minerals Dividend Amount is impacted by activity that affects shareholders' equity or the fair value of net assets of the Minerals Group. The purchase amount noted above reduces the Available Minerals Dividend Amount as currently calculated. Accordingly, the purchase of the Convertible Preferred Stock plus recent financial performance of the Minerals Group is expected to significantly reduce or eliminate the ability to pay dividends on the Minerals Group Common Stock.

FORWARD LOOKING INFORMATION

Certain of the matters discussed herein, including statements regarding the ability to slow cost increases in the home security business, severance benefits, costs of long-term benefit obligations, effective tax rates, the continuation of information technology initiatives, projections about market risk, the economies of Latin America and Asia/Pacific, projected capital spending, environmental clean-up estimates, metallurgical market conditions, Health Benefit Act expenses, the impact of SOP 98-5 on results of operations, coal sales and the readiness for Year 2000 and the conversion to the Euro, involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Company, include, but are not limited to, overall economic and business conditions, the demand for the Company's products and services, pricing and other competitive factors in the industry, geological conditions, new government regulations and/or legislative initiatives, variations in costs or expenses, variations in the spot prices of coal, the ability of counterparties to perform, changes in the scope of improvements to information systems and Year 2000 and/or Euro initiatives, delays or problems in the implementation of Year 2000 and/or Euro initiatives by the Company and/or any public or private sector suppliers and service providers and customers, and delays or problems in the design and implementation of improvements to information systems.

STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The Pittston Company (the "Company") is responsible for preparing the accompanying consolidated financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles. Management has also prepared the other information in the annual report and is responsible for its accuracy.

In meeting our responsibility for the integrity of the consolidated financial statements, we maintain a system of internal controls designed to provide reasonable assurance that assets are safe-guarded, that transactions are executed in accordance with management's authorization and that the accounting records provide a reliable basis for the preparation of the financial statements. Qualified personnel throughout the organization maintain and monitor these internal controls on an ongoing basis. In addition, the Company maintains an internal audit department that systematically reviews and reports on the adequacy and effectiveness of the controls, with management follow-up as appropriate.

Management has also established a formal Business Code of Ethics which is distributed throughout the Company. We acknowledge our responsibility to establish and preserve an environment in which all employees properly understand the fundamental importance of high ethical standards in the conduct of our business.

The Company's consolidated financial statements have been audited by KPMG LLP, independent auditors. During the audit they review and make appropriate tests of accounting records and internal controls to the extent they consider necessary to express an opinion on the Company's consolidated financial statements.

The Company's Board of Directors pursues its oversight role with respect to the Company's consolidated financial statements through the Audit and Ethics Committee, which is composed solely of outside directors. The Committee meets periodically with the independent auditors, internal auditors and management to review the Company's control system and to ensure compliance with applicable laws and the Company's Business Code of Ethics.

We believe that the policies and procedures described above are appropriate and effective and do enable us to meet our responsibility for the integrity of the Company's consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying consolidated balance sheets of The Pittston Company and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Pittston Company and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

As more fully discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for costs of computer software developed for internal use and derivative instruments and hedging activities in 1998 and impairment of long-lived assets in 1996.

KPMG LLP

KPMG LLP
Richmond, Virginia

January 27, 1999, except as to Note 22, which is as of March 15, 1999

The Pittston Company and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share amounts)	December 31 1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 83,894	69,878
Short-term investments	1,767	2,227
Accounts receivable:		
Trade (Note 3)	599,550	520,817
Other	38,916	32,485
	638,466	553,302
Less estimated uncollectible amounts	32,122	21,985
	606,344	531,317
Coal inventory	24,567	31,644
Other inventory	18,203	8,530
	42,770	40,174
Prepaid expenses and other current assets	33,374	32,767
Deferred income taxes (Note 6)	52,494	50,442
Total current assets	820,643	726,805
Property, plant and equipment, at cost (Notes 1 and 4)	1,423,133	1,167,300
Less accumulated depreciation, depletion and amortization	573,250	519,658
	849,883	647,642
Intangibles, net of accumulated amortization (Notes 1, 5 and 11)	345,600	301,395
Deferred pension assets (Note 14)	119,500	123,138
Deferred income taxes (Note 6)	63,489	47,826
Other assets	132,022	149,138
Total assets	$2,331,137	1,995,944
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings (Note 7)	$ 88,283	40,144
Current maturities of long-term debt (Note 7)	36,509	11,299
Accounts payable	284,341	281,411
Accrued liabilities:		
Taxes	69,921	45,785
Workers' compensation and other claims	33,140	32,048
Payroll and vacation	78,919	62,029
Miscellaneous (Note 14)	206,320	170,957
	388,300	310,819
Total current liabilities	797,433	643,673
Long-term debt, less current maturities (Note 7)	323,308	191,812
Postretirement benefits other than pensions (Note 14)	239,550	231,451
Workers' compensation and other claims	93,324	106,378
Deferred income taxes (Note 6)	20,615	17,157
Other liabilities	120,879	119,855
Commitments and contingent liabilities (Notes 7, 12, 13, 14, 18 and 19)		
Shareholders' equity (Notes 9 and 10):		
Preferred stock, par value $10 per share,		
Authorized: 2,000,000 shares $31.25 Series C Cumulative Convertible Preferred Stock,		
Issued: 1998 - 113,490 shares; 1997 - 113,845 shares	1,134	1,138
Pittston Brink's Group common stock, par value $1 per share:		
Authorized: 100,000,000 shares		
Issued: 1998 - 40,961,415 shares; 1997 - 41,129,679 shares	40,961	41,130
Pittston BAX Group common stock, par value $1 per share:		
Authorized: 50,000,000 shares		
Issued: 1998 - 20,824,910 shares; 1997 - 20,378,000 shares	20,825	20,378
Pittston Minerals Group common stock, par value $1 per share:		
Authorized: 20,000,000 shares		
Issued: 1998 - 9,186,434 shares; 1997 - 8,405,908 shares	9,186	8,406
Capital in excess of par value	403,148	430,970
Retained earnings	401,186	359,940
Accumulated other comprehensive income	(51,865)	(41,762)
Employee benefits trust, at market value (Note 10)	(88,547)	(134,582)
Total shareholders' equity	736,028	685,618
Total liabilities and shareholders' equity	$2,331,137	1,995,944

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1998	1997	1996
Net sales	$ 518,635	630,626	696,513
Operating revenues	3,228,247	2,763,772	2,394,682
Net sales and operating revenues	3,746,882	3,394,398	3,091,195
Costs and expenses:			
Cost of sales	513,794	609,025	707,497
Operating expenses	2,675,537	2,270,341	1,989,149
Selling, general and administrative expenses (including a $15,723 write-off of long-lived assets in 1998)	454,993	344,008	292,718
Restructuring and other credits, including litigation accrual (Notes 15 and 18)	(1,479)	(3,104)	(47,299)
Total costs and expenses	3,642,845	3,220,270	2,942,065
Other operating income, net (Note 16)	21,106	14,000	17,377
Operating profit	125,143	188,128	166,507
Interest income	5,359	4,394	3,487
Interest expense	(39,103)	(27,119)	(14,074)
Other income (expense), net	3,811	(7,148)	(9,224)
Income before income taxes	95,210	158,255	146,696
Provision for income taxes (Note 6)	29,154	48,057	42,542
Net income	66,056	110,198	104,154
Preferred stock dividends, net (Notes 8 and 10)	(3,524)	(3,481)	(1,675)
Net income attributed to common shares	$ 62,532	106,717	102,479
Pittston Brink's Group (Note 1):			
Net income	$ 79,104	73,622	59,695
Net income per common share (Note 8):			
Basic	$ 2.04	1.92	1.56
Diluted	2.02	1.90	1.54
Weighted average common shares outstanding (Note 8):			
Basic	38,713	38,273	38,200
Diluted	39,155	38,791	38,682
Pittston BAX Group (Note 1):			
Net income (loss)	$ (13,091)	32,348	33,801
Net income (loss) per common share (Note 8):			
Basic	$ (0.68)	1.66	1.76
Diluted	(0.68)	1.62	1.72
Weighted average common shares outstanding (Note 8):			
Basic	19,333	19,448	19,223
Diluted	19,333	19,993	19,681
Pittston Minerals Group (Note 1):			
Net income (loss) attributed to common shares	$ (3,481)	747	8,983
Net income (loss) per common share (Note 8):			
Basic	$ (0.42)	0.09	1.14
Diluted	(0.42)	0.09	1.08
Weighted average common shares outstanding (Note 8):			
Basic	8,324	8,076	7,897
Diluted	8,324	8,102	9,884

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except per share data)	Years Ended December 31 1998	1997	1996
SERIES C PREFERRED STOCK, $31.25 PER SHARE (NOTE 10)			
Balance, beginning of year	$ 1,138	1,154	1,362
Retirement of stock under share repurchase program (Note 10)	(4)	(16)	(208)
Balance, end of year	1,134	1,138	1,154
BRINK'S GROUP COMMON STOCK			
Balance, beginning of year	41,130	41,296	41,574
Retirement of stock under share repurchase program (Note 10)	(150)	(166)	(278)
Other	(19)	--	--
Balance, at end of year	40,961	41,130	41,296
BAX GROUP COMMON STOCK			
Balance, beginning of year	20,378	20,711	20,787
Retirement of stock under share repurchase program (Note 10)	(1,047)	(333)	(76)
Employee benefits trust/other (Note 9)	1,494	--	--
Balance, at end of year	20,825	20,378	20,711
MINERALS GROUP COMMON STOCK			
Balance, beginning of year	8,406	8,406	8,406
Employee benefits trust/other (Note 9)	780	--	--
Balance, at end of year	9,186	8,406	8,406
CAPITAL IN EXCESS OF PAR VALUE			
Balance, beginning of year	430,970	400,135	401,633
Tax benefit of stock options exercised (Note 6)	4,766	2,045	1,734
Cost of Brink's Stock Proposal (Note 9)	--	--	(2,475)
Remeasurement of employee benefits trust	(25,993)	42,118	20,481
Employee benefits trust (Note 9)	12,781	--	--
Shares released from employee benefits trust (Notes 9 and 10)	(13,675)	(7,522)	(7,659)
Retirement of stock under share repurchase programs (Note 10)	(7,024)	(5,806)	(13,579)
Other	1,323	--	--
Balance, at end of year	403,148	430,970	400,135
RETAINED EARNINGS			
Balance, beginning of year	359,940	273,118	188,728
Net income	66,056	110,198	104,154
Retirement of stock under share repurchase programs (Note 10)	(10,212)	(6,052)	(2,096)
Cash dividends declared- Brink's Group $.10 per share, BAX Group $.24 per share, Minerals Group $.2375 per share and Series C Preferred Stock $31.25 per share (Note 10)	(14,032)	(17,324)	(17,668)
Other	(566)	--	--
Balance, at end of year	401,186	359,940	273,118
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Balance, beginning of year	(41,762)	(21,188)	(20,705)
Foreign currency translation adjustment	(7,125)	(20,574)	(483)
Cash flow hedges	(3,309)	--	--
Other	331	--	--
Balance, at end of year	(51,865)	(41,762)	(21,188)
EMPLOYEE BENEFITS TRUST			
Balance, beginning of year	(134,582)	(116,925)	(119,806)
Remeasurement of employee benefits trust	25,993	(42,118)	(20,481)
Employee benefits trust (Note 9)	(15,081)	--	--
Shares released from employee benefits trust (Notes 9 and 10)	35,123	24,461	23,362
Balance, at end of year	(88,547)	(134,582)	(116,925)
Total shareholders' equity - end of year	$736,028	685,618	606,707
COMPREHENSIVE INCOME			
Net income attributed to common shares	$ 62,532	106,717	102,479
Other comprehensive income, net of tax:			
Foreign currency translation adjustments, net of tax effect of $787, ($785) and $365	(7,125)	(20,574)	(483)
Cash flow hedges:			
Transition adjustment, net of tax effect of $1,960	(3,663)	--	--
Net cash flow hedge losses, net of tax effect of $501	(710)	--	--
Reclassification adjustment, net of tax effect of ($617)	1,064	--	--
Other, net of tax effect of ($189)	331	--	--
Comprehensive income	$ 52,429	86,143	101,996

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)		Years Ended December 31 1998	1997	1996
Cash flows from operating activities:				
Net income	$	66,056	110,198	104,154
Adjustments to reconcile net income to net cash provided by operating activities:				
Noncash charges and other write-offs		20,124	--	29,948
Depreciation, depletion and amortization		154,353	128,751	114,618
Provision for aircraft heavy maintenance		39,821	34,057	32,057
(Credit) provision for deferred income taxes		(6,165)	10,611	19,320
Provision for pensions, noncurrent		4,022	243	935
Provision for uncollectible accounts receivable		21,426	10,664	7,687
Equity in (earnings) losses of unconsolidated affiliates, net of dividends received		(880)	2,927	(2,183)
Minority interest expense		1,742	5,467	3,896
Gains on sales of property, plant and equipment and other assets and investments		(9,809)	(2,432)	(2,835)
Other operating, net		13,262	8,646	6,105
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:				
Increase in accounts receivable		(29,690)	(39,697)	(53,885)
(Increase) decrease in inventories		(871)	(2,963)	9,271
Decrease (increase) in prepaid expenses		2,225	325	(1,869)
(Decrease) increase in accounts payable and accrued liabilities		(26,906)	32,562	382
Increase in other assets		(7,058)	(11,084)	(7,907)
Decrease in workers' compensation and other claims, noncurrent		(10,886)	(11,109)	(9,002)
Increase (decrease) in other liabilities		11,122	(5,859)	(53,522)
Other, net		(10,080)	(3,198)	(499)
Net cash provided by operating activities		231,808	268,109	196,671
Cash flows from investing activities:				
Additions to property, plant and equipment		(256,567)	(173,768)	(180,651)
Proceeds from disposal of property, plant and equipment		30,489	4,064	11,310
Aircraft heavy maintenance expenditures		(40,466)	(29,748)	(23,373)
Acquisitions, net of cash acquired, and related contingency payments		(34,521)	(65,494)	(4,078)
Dispositions of other assets and investments		8,482	--	--
Other, net		(8,397)	7,589	5,181
Net cash used by investing activities		(300,980)	(257,357)	(191,611)
Cash flows from financing activities:				
Additions to debt		218,403	158,021	28,642
Reductions of debt		(110,474)	(116,030)	(14,642)
Repurchase of stock of the Company		(19,437)	(12,373)	(16,237)
Proceeds from exercise of stock options and employee stock purchase plan		8,098	4,708	5,487
Dividends paid		(13,402)	(16,417)	(17,441)
Cost of stock proposal		--	--	(2,475)
Net cash provided (used) by financing activities		83,188	17,909	(16,666)
Net increase (decrease) in cash and cash equivalents		14,016	28,661	(11,606)
Cash and cash equivalents at beginning of year		69,878	41,217	52,823
Cash and cash equivalents at end of year	$	83,894	69,878	41,217

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

As used herein, the "Company" includes The Pittston Company except as otherwise indicated by the context. The Company is comprised of three separate groups - Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group. The Pittston Brink's Group consists of Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of the Company. The Pittston BAX Group consists of the BAX Global Inc. ("BAX Global") operations of the Company. The Pittston Minerals Group consists of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company. The Company prepares separate financial information including separate financial statements for the Brink's, BAX and Minerals Groups in addition to consolidated financial information of the Company.

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements reflect the accounts of the Company and its majority-owned subsidiaries. The Company's interest in 20% to 50% owned companies are carried on the equity method unless control exists, in which case, consolidation accounting is used. All material intercompany items and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits and investments with original maturities of three months or less.

SHORT-TERM INVESTMENTS

Short-term investments are those with original maturities in excess of three months, but not exceeding one year, and are carried at cost which approximates market.

INVENTORIES

Inventories are stated at cost (determined under the first-in, first-out or average cost method) or market, whichever is lower.

PROPERTY, PLANT AND EQUIPMENT

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight-line method at varying rates depending upon estimated useful lives. Depletion of bituminous coal lands is provided on the basis of tonnage mined in relation to the estimated total of recoverable tonnage in the ground.

Mine development costs, primarily included in bituminous coal lands, are capitalized and amortized over the estimated useful life of the mine. These costs include expenses incurred for site preparation and development as well as operating deficits incurred at the mines during a development stage. A mine is considered under development until all planned production units have been placed in operation.

Valuation of coal properties is based primarily on mining plans and conditions assumed at the time of the evaluation. These valuations could be impacted by actual economic conditions which differ from those assumed at the time of the evaluation.

Subscriber installation costs for home security systems provided by BHS are capitalized and depreciated over the estimated life of the assets and are included in machinery and equipment. The security system that is installed remains the property of BHS and is capitalized at the cost to bring the revenue producing asset to its intended use. When an installation is identified for disconnection, the remaining net book value of the installation is fully reserved and charged to depreciation expense.

INTANGIBLES

The excess of cost over fair value of net assets of businesses acquired is amortized on a straight-line basis over the estimated periods benefited.

The Company evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of asset value or useful lives. The Company annually assesses the recoverability of the excess of cost over net assets acquired by determining whether the amortization of the asset balance over its remaining life can be recovered through projected undiscounted future operating cash flows. Evaluation

of asset value as well as periods of amortization are performed on a disaggregated basis.

Goodwill allocated to a potentially impaired asset will be identified with that asset in performing an impairment test in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121. If such tests indicate that an impairment exists, the carrying amount of the identified goodwill would be

eliminated before making any reduction of the carrying amounts of impaired long-lived assets.

COAL SUPPLY CONTRACTS

Coal supply contracts consist of contracts to supply coal to customers at certain negotiated prices over a period of time, which have been acquired from other coal companies, and are stated at cost at the time of acquisition, which approximates fair market value. The capitalized cost of such contracts is amortized over the term of the contract on the basis of tons of coal sold under the contract.

STOCK BASED COMPENSATION

The Company has implemented the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation" (Note 9). The Company continues to measure compensation expense for its stock-based compensation plans using the intrinsic value based methods of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of foreign subsidiaries have been translated at rates of exchange at the balance sheet date and related revenues and expenses have been translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments have been recorded as a separate component of shareholders' equity. Translation adjustments relating to subsidiaries in countries with highly inflationary economies are included in net income, along with all transaction gains and losses for the period.

A portion of the Company's financial results is derived from activities in a number of foreign countries in Europe, Asia and Latin America, each with a local currency other than the US dollar. Because the financial results of the Company are reported in US dollars, they are affected by changes in the value of various foreign currencies in relation to the US dollar. The diversity of foreign operations helps to mitigate a portion of the foreign currency risks associated with market fluctuations in any one country and the impact on translated results.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Postretirement benefits other than pensions are accounted for in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

INCOME TAXES

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse.

PNEUMOCONIOSIS (BLACK LUNG) EXPENSE

The Company acts as self-insurer with respect to almost all black lung benefits. Provision is made for estimated benefits based on annual actuarial reports prepared by outside actuaries. The excess of the present value of expected future benefits over the accumulated book reserves is recognized over the amortization period as a level percentage of payroll. Cumulative actuarial gains or losses are calculated periodically and amortized on a straight-line basis. Assumptions used in the calculation of the actuarial present value of black lung benefits are based on actual retirement experience of the Company's coal employees, black lung claims incidence for active miners, actual dependent information, industry turnover rates, actual medical and legal cost experience and projected inflation rates. As of December 31, 1998 and 1997, the actuarially determined value of estimated future black lung benefits discounted at 6% was approximately $51,000 and $55,000, respectively, and is included in workers' compensation and other claims in the Company's consolidated balance sheet. Based on actuarial data, the amount credited to operations was $2,257 in 1998, $2,451 in 1997 and $2,216 in 1996. In addition, the Company accrued additional expenses for black lung benefits related to federal and state assessments, legal and administration expenses and other self insurance costs. These costs and expenses amounted to $1,659 in 1998, $1,936 in 1997 and $1,849 in 1996.

RECLAMATION COSTS

Expenditures relating to environmental regulatory requirements and reclamation costs undertaken during mine operations are charged against earnings as incurred. Estimated site restoration and post closure reclamation costs are charged against earnings using the units of production method over the expected economic life of each mine. Accrued reclamation costs are subject to review by management on a regular basis and are revised when appropriate for changes in future estimated costs and/or regulatory requirements.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company follows SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 121 requires a review of assets for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. When such events or changes in circumstances indicate an asset may not be recoverable, the Company estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of such expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized in an amount by which the asset's net book value exceeds its fair

market value. For purposes of assessing impairment, assets are required to be grouped at the lowest level for which there are separately identifiable cash flows.

During the third quarter of 1998, the Company recorded write-offs for software costs included in property, plant and equipment in accordance with SFAS No. 121 of approximately $16,000. These write-offs consisted of the costs associated with certain in-process software development projects that were canceled during the quarter and unamortized costs of existing software applications which were determined by management to have no future service potential or value. It is management's belief at this time that the current ongoing information technology initiatives that originated from the previously mentioned projects are necessary and will be successfully completed and implemented. Such write-offs are included in selling, general and administrative expenses in the Company's results of operations.

In 1996, the Company adopted SFAS No. 121, resulting in a pretax charge to earnings in 1996 for the Company's Coal Operations of $29,948 ($19,466 after-tax), of which $26,312 was included in cost of sales and $3,636 was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advance royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

All derivative instruments are recognized on the balance sheet at their fair value. On the date the derivative contract is entered into, the Company designates the derivative as (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge), (3) a foreign currency fair value or cash flow hedge ("foreign currency" hedge), or (4) a hedge of a net investment in a foreign operation. The Company does not enter into derivative contracts for the purpose of "trading" such instruments and thus has no derivative designation as "held for trading".

Changes in the fair value of a derivative that is highly effective as and that is designated and qualifies as a fair value hedge, along with the loss or gain on the hedged asset or liability that is attributable to the hedged risk (including losses or gains on firm commitments), are recorded currently in earnings. Changes in the fair value of a derivative that is highly effective as and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income, until the forecasted transaction affects earnings. Changes in the fair value of derivatives that are highly effective as and that are designated and qualify as foreign currency hedges are recorded either currently in earnings or other comprehensive income, depending on whether the hedge transaction is a fair value hedge or a cash flow hedge. If, however, a derivative is used as a hedge of a net investment in a foreign operation, its changes in fair value, to the extent effective as a hedge, are recorded in the cumulative translation adjustments account within equity. Any amounts excluded from the assessment of hedge effectiveness as well as the ineffective portion of the gain or loss is reported in earnings immediately.

Management documents the relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives that are designated as fair value, cash flow, or foreign currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Management also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, hedge accounting is discontinued prospectively, as discussed below.

The Company discontinues hedge accounting prospectively when and if (1) it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including firm commitments or forecasted transactions); (2) the derivative expires or is sold, terminated, or exercised; (3) the derivative is de-designated as a hedge instrument, because it is no longer probable that a forecasted transaction will occur; (4) because a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management determines that designation of the derivative as a hedge instrument is no longer appropriate.

When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair value hedge, the derivative will continue to be carried on the balance sheet at its fair value, changes are reported currently in earnings, and the hedged asset or liability will no longer be adjusted for changes in fair value. When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, the derivative will continue to be carried on the balance sheet at its fair value and changes are reported currently on earnings, and any asset or liability that was recorded pursuant to recognition of the firm commitment will be removed from the balance sheet and recognized as a gain or loss currently in earnings. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the derivative will continue to be carried on the balance sheet at its fair value, changes are reported currently on earnings, and gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. In all other situations in which hedge accounting is discontinued, the derivative will be carried at its fair value on the

balance sheet, with changes in its fair value recognized currently in earnings.

REVENUE RECOGNITION

Brink's--Revenues are recognized when services are performed.

BHS--Monitoring revenues are recognized when earned and amounts paid in advance are deferred and recognized as income over the applicable monitoring period, which is generally one year or less.

BAX Global--Revenues related to transportation services are recognized, together with related transportation costs, on the date shipments physically depart from facilities en route to destination locations. Revenues and operating results determined under existing recognition policies do not materially differ from those which would result from an allocation of revenue between reporting periods based on relative transit times in each reporting period with expenses recognized as incurred.

Coal Operations--Coal sales are generally recognized when coal is loaded onto transportation vehicles for shipment to customers. For domestic sales, this generally occurs when coal is loaded onto railcars at mine locations. For export sales, this generally occurs when coal is loaded onto marine vessels at terminal facilities.

Mineral Ventures--Gold sales are recognized when products are shipped to a refinery. Settlement adjustments arising from final determination of weights and assays are reflected in sales when received.

NET INCOME PER SHARE

Basic and diluted net income per share for the Brink's Group and the BAX Group are computed by dividing net income for each Group by the basic weighted average common shares outstanding and the diluted weighted average common shares outstanding, respectively. Diluted weighted average common shares outstanding includes additional shares assuming the exercise of stock options. However, when the exercise of stock options is antidilutive, they are excluded from the calculation.

Basic net income per share for the Minerals Group is computed by dividing net income attributed to common shares (net income less preferred stock dividends) by the basic weighted average common shares outstanding. Diluted net income per share for the Minerals Group is computed by dividing net income by the diluted weighted average common shares outstanding. Diluted weighted average common shares outstanding includes additional shares assuming the exercise of stock options and the conversion of the Company's $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). However, when the exercise of stock options or the conversion of Convertible Preferred Stock is antidilutive, they are excluded from the calculation. The shares of Brink's Stock, BAX Stock and Minerals Stock held in the Pittston Company Employee Benefits Trust ("the Trust" - See Note 10) are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations.

USE OF ESTIMATES

In accordance with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

Accounting Changes

The Company adopted SFAS No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the Company implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. The adoption of SOP No. 98-1 had no material impact on the Company.

The Company implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 17.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the Company elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that

an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. In accordance with the transition provisions of SFAS No. 133, the Company recorded a net transition adjustment resulting in a loss of $3,663 (net of related income taxes of $1,961) in accumulated other comprehensive income at October 1, 1998 in order to recognize at fair value all derivatives that are designated as cash-flow hedging instruments.

2. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

NON-DERIVATIVE FINANCIAL INSTRUMENTS

Non-derivative financial instruments, which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments and trade receivables. The Company places its cash and cash equivalents and short-term investments with high credit quality financial institutions. Also, by policy, the Company limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Company's customer base, and their dispersion across many different industries and geographic areas. Credit limits, ongoing credit evaluation and account-monitoring procedures are utilized to minimize the risk of loss from nonperformance on trade receivables.

The following details the fair values of non-derivative financial instruments for which it is practicable to estimate the value:

Cash and cash equivalents and short-term investments

The carrying amounts approximate fair value because of the short maturity of these instruments.

Accounts receivable, accounts payable and accrued liabilities

The carrying amounts approximate fair value because of the short-term nature of these instruments.

Debt

The aggregate fair value of the Company's long-term debt obligations, which is based upon quoted market prices and rates currently available to the Company for debt with similar terms and maturities, approximates the carrying amount.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company has activities in a number of foreign countries in Europe, Asia, and Latin America, which expose it to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates, and commodity prices. These financial exposures are monitored and managed by the Company as an integral part of its overall risk management program. The diversity of foreign operations helps to mitigate a portion of the foreign currency risks associated with market fluctuations in any one country and the impact on translated results. The Company's risk management program considers this favorable diversification effect as it measures the Company's exposure to financial markets and as appropriate, seeks to reduce the potentially adverse effects that the volatility of certain markets may have on its operating results.

The Company utilizes various derivative and non-derivative hedging instruments, as discussed below, to hedge its foreign currency, interest rate, and commodity exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. Management does not expect any losses due to such counterparty default.

The Company assesses interest rate, foreign currency, and commodity risks by continually identifying and monitoring changes in interest rate, foreign currency and commodity exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Company maintains risk management control systems to monitor these risks attributable to both the Company's outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates, foreign currency rates and commodity prices on the Company's future cash flows. The Company does not use derivative instruments for purposes other than hedging.

As of October 1, 1998 the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 which establishes accounting and reporting standards for derivative instruments and hedging activities, requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction.

Prior to the adoption of SFAS No. 133 (prior to October 1, 1998), gains and losses on derivative contracts, designated as effective hedges, were deferred and recognized as part of the transaction hedged. Since they were accounted for as hedges, the fair value of these contracts were not recognized in the Company's financial statements. Gains and losses resulting from the early termination of such contracts were deferred and amortized as an adjustment to the specific item being hedged over the remaining period originally covered by the terminated contracts. In addition, if the underlying items being hedged were retired prior to maturity, the unamortized gain or loss resulting from the early termination of the related interest rate swap would be included in the gain or loss on the extinguishment of the obligation.

Cash-flow hedges

Interest Rate Risk Management

The Company uses variable-rate debt to finance its operations. In particular, it has variable-rate long-term debt under the $350 million credit facility (the "Facility" -- See Note 7). This debt obligation exposes the Company to variability in interest expense due to changes in interest rates. If interest rates increase, interest expense increases. Conversely, if interest rates decrease, interest expense also decreases. Management believes it is prudent to limit the variability of a portion of its interest expense. The Company attempts to maintain a reasonable balance between fixed and floating rate debt and uses interest rate swaps to accomplish this objective. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

To meet this objective, the Company enters into interest rate swaps to manage fluctuations in interest expense resulting from interest rate risk. The Company has entered into interest rate swaps with a total notional value of $60,000. These swaps change the variable-rate cash flows on a portion of its $100,000 term-loan, which is part of the Facility, to fixed-rate cash flows by entering into interest rate swaps which involve the exchange of floating interest payments for fixed interest payments.

Changes in the fair value, to the extent effective, of interest rate swaps designated as hedging instruments of the variability of cash flows associated with floating-rate, long-term debt obligations are reported in accumulated other comprehensive income. These amounts are subsequently reclassified into interest expense as a yield adjustment in the same period in which the interest on the floating-rate debt obligations affects earnings. During the year ending December 31, 1999, losses of approximately $460 (pre-tax) related to the interest rate swaps are expected to be reclassified from accumulated other comprehensive income into interest expense as a yield adjustment of the hedged debt obligation.

Of the three swaps outstanding at December 31, 1998, the first fixes the interest rate at 5.80% on $20,000 in face amount of debt and matures in May 2000, the second and third fix the interest rate at 5.84% and 5.86%, respectively each on $20,000 in face amount of debt and mature in May 2001.

Foreign Currency Risk Management

The Company utilizes foreign currency forward contracts to minimize the variability in cash flows due to foreign currency risks associated with foreign operations. These items are denominated in various foreign currencies, including the Australian dollar. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

Mineral Ventures has a subsidiary which is exposed to currency risk arising from gold sales denominated in US dollars and local Australian costs denominated in Australian dollars. Mineral Ventures utilizes foreign currency forward contracts to hedge the variability in cash flows resulting from these exposures for up to two years into the future. All other currency contracts outstanding during the period were immaterial to the results of the Company.

The foreign currency forward contracts' effectiveness is assessed based on the forward rate of the contract. No material amounts related to hedge ineffectiveness were recognized in earnings during the period. Changes in the fair value of Australian dollar foreign currency forward contracts designated and qualifying as cash flow hedges of forecasted US dollar sales of gold are reported in accumulated other comprehensive income. The gains and losses are reclassified into earnings, as a component of revenue, in the same period as the forecasted transaction affects earnings.

During the year ending December 31, 1999, losses of approximately $1,000 (pre-tax) related to Australian dollar foreign currency forward contracts are expected to be reclassified from accumulated other comprehensive income into revenue. As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with foreign currency forecasted transactions is eighteen months.

All other currency contracts outstanding during the period were immaterial to the results of the Company.

Commodities Risk Management

The Company consumes or sells various commodities in the normal course of its business and utilizes derivative instruments to minimize the variability in forecasted cash flows due to adverse price movements in these commodities. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

The Company utilizes forward swap contracts for the purchase of jet fuel to fix a portion of forecasted jet fuel costs at specific price levels. Under the swap contracts the Company receives (pays) the difference between the contract rate and the higher (lower) average market rate over the related contract period. The Company also periodically utilizes option strategies to hedge a portion of the remaining forecasted risk associated with changes in the price of jet fuel. The option contracts, which involve either purchasing call options and simultaneously selling put options (collar strategy) or purchasing call options, are designed to provide protection against sharp increases in the price of jet fuel. For purchased call options the Company pays a premium up front and receives an amount over the contract period equal to the difference by which the average market price during the period exceeds the option strike price. For collar strategies, the premiums on the purchased option and sold option net to zero. The Company receives an amount equal to the difference by which the average market price of jet fuel during the period exceeds the call option's strike price and pays an amount equal to the difference by which the average market price during the period is below the put option's strike price of jet fuel. At December 31, 1998, the outstanding notional amount of forward swap hedge contracts for jet fuel totaled 16.0 million gallons.

The Company utilizes a combination of forward gold sales contracts and currency contracts to fix in Australian dollars the selling price on a certain portion of its forecasted gold sales from the Stawell gold mine. At December 31, 1998, 41,000 ounces of gold, representing approximately 20% of the Company's share of Stawell's proven and probable reserves, were sold forward under forward gold contracts. The Company also sells call options on gold periodically and receives a premium which enhances the selling price of unhedged gold sales, the fair value of which is recognized immediately into earnings as the contracts do not qualify for special hedge accounting under SFAS No. 133.

The Company utilizes forward swap contracts for diesel fuel to fix a portion of the Company's forecasted diesel fuel costs at specific price levels. The Company also periodically utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of diesel fuel. The option contracts, which involve purchasing call options, are designed to provide protection against sharp increases in the price of diesel fuel. For purchased options, the Company pays a premium up front and receives an amount over the contract period equal to the difference by which the average market price of diesel fuel during the period exceeds the option strike price. At December 31, 1998, the outstanding notional amount of forward purchase contracts for diesel fuel totaled approximately 3.2 million gallons.

No material amounts related to hedge ineffectiveness were recognized in earnings during the period for the jet fuel and diesel fuel swap contracts, the jet fuel collar strategy option contracts and forward gold contracts. Changes in fair value related to the difference between changes in the spot and forward gold contract rates were not material.

Changes in the fair value of the commodity contracts designated and qualifying as cash flow hedges of forecasted commodity purchases and sales are reported in accumulated other comprehensive income. For jet fuel and diesel fuel, the gains and losses are reclassified into earnings, as a component of costs of sales, in the same period as the commodity purchased affects earnings. For gold contracts, the gains and losses are reclassified into earnings, as a component of revenue, in the same period as the gold sale affects earnings. During the year ending December 31, 1999, losses of approximately $2,100 (pre-tax) and $150 (pre-tax) related to jet fuel purchase contracts and diesel fuel purchase contracts, respectively, are expected to be reclassified from accumulated other comprehensive income into cost of sales. During the year ending December 31, 1999, losses of approximately $100 (pre-tax) related to gold sales contracts are expected to be reclassified from accumulated other comprehensive income into revenue.

As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with jet fuel and diesel fuel purchases is six months. As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with gold sales is two years.

All other commodity contracts outstanding during the period were immaterial to the results of the Company.

Hedges of Net Investments in Foreign Operations

The Company holds investments in a number of foreign subsidiaries, and the net assets of these subsidiaries are exposed to foreign exchange rate volatility. The Company uses non-derivative financial instruments to hedge this exposure.

Currency exposure related to the net assets of the Brink's subsidiary in France are managed in part through a foreign currency denominated debt agreement (seller financing) entered into as part of the acquisition by the Company. Gains and losses in the net investment in subsidiaries are offset by losses and gains in the debt obligations.

For the year ended December 31, 1998, approximately $2,800 of net losses related to the foreign currency denominated debt agreements were included in the cumulative foreign currency translation adjustment in the balance sheet.

All other hedges of net investments in foreign operations during the period were immaterial to the results of the Company.

3. ACCOUNTS RECEIVABLE--TRADE

For each of the years in the three-year period ended December 31, 1998, the Company maintained agreements with financial institutions whereby it had the right to sell certain coal receivables to those institutions. Certain agreements contained provisions for sales with recourse. In 1998 and 1997, total coal receivables of $38,373 and $23,844, respectively, were sold under such agreements. As of December 31, 1998 and 1997, receivables sold which remained to be collected totaled $29,734 and $23,844, respectively.

As a result of changes in certain recourse provisions during 1998, as of December 31, 1998, these transactions were accounted for as transfers of the receivables, resulting in the uncollected receivables balances remaining on the balance sheet with a corresponding short-term obligation of $29,734 recognized. The fair value of this short-term obligation approximates the carrying value. During 1997, these transactions were accounted for as sales of receivables, resulting in the removal of the receivables from the balance sheet.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consists of the following:

	As of December 31 1998	1997
Bituminous coal lands	$ 100,968	107,212
Land, other than coal lands	44,923	37,908
Buildings	221,640	159,726
Machinery and equipment	1,055,602	862,454
Total	$1,423,133	1,167,300

The estimated useful lives for property, plant and equipment are as follows:

	Years
Buildings	10 to 40
Machinery and equipment	2 to 30

Depreciation and depletion of property, plant and equipment aggregated $130,932 in 1998, $106,584 in 1997 and $92,805 in 1996.

Capitalized mine development costs totaled $7,093 in 1998, $9,756 in 1997 and $8,144 in 1996.

Changes in capitalized subscriber installation costs for home security systems included in machinery and equipment were as follows:

	Years Ended December 31 1998	1997	1996
Capitalized subscriber installation costs--beginning of year	$172,792	134,850	105,336
Capitalized cost of security system installations	77,460	64,993	57,194
Depreciation, including amounts recognized to fully depreciate capitalized costs for installations disconnected during the year	(32,657)	(27,051)	(27,680)
Capitalized subscriber installation costs--end of year	$217,595	172,792	134,850

Based on demonstrated retention of customers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscribers' installation costs. This change more accurately matches depreciation expense with monthly recurring revenue generated from customers. This change in accounting estimate reduced depreciation expense for capitalized installation costs in 1997 for the Brink's Group and the BHS segment by $8,915. The effect of this change increased net income of the Brink's Group in 1997 by $5,794 ($0.15 per share of Brink's Stock).

New subscribers were approximately 113,500 in 1998, 105,600 in 1997 and 98,500 in 1996.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security system installations. This change in accounting principle is preferable because it more accurately reflects subscriber installation costs. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel (in the amount of $2,949 in 1998, $2,600 in 1997 and $2,517 in 1996) and costs incurred for maintaining facilities and vehicles dedicated to the installation process (in the amount of $3,165 in 1998, $2,343 in 1997 and $2,022 in 1996). The effect of this change in accounting principle was to increase operating

profit of the Brink's Group in 1998, 1997 and 1996 by $6,114, $4,943 and $4,539, respectively, and net income of the Brink's Group in 1998, 1997 and 1996 by $3,852, $3,213 and $2,723, respectively, or by $0.10 per basic and diluted share in 1998, $0.08 per basic and diluted common share in 1997 and $0.07 per basic and diluted common share in 1996. Prior to January 1, 1992, the records needed to identify such costs were not available. Thus, it was impossible to accurately calculate the effect on retained earnings as of January 1, 1992. However, the Company believes the effect on retained earnings as of January 1, 1992, was immaterial.

Because capitalized subscriber installation costs for prior periods were not adjusted for the change in accounting principle, installation costs for subscribers in those years will continue to be depreciated based on the lesser amounts capitalized in prior periods. Consequently, depreciation of capitalized subscriber installation costs in the current year and until such capitalized costs prior to January 1, 1992 are fully depreciated will be less than if such prior periods' capitalized costs had been adjusted for the change in accounting. However, the Company believes the effect on net income in 1998, 1997 and 1996 was immaterial.

5. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $118,656 and $106,174 at December 31, 1998 and 1997, respectively. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $12,119 in 1998, $10,518 in 1997 and $10,560 in 1996.

In the first quarter of 1998, the Company purchased 62% (representing nearly all the remaining shares) of its Brink's affiliate in France ("Brink's S.A.") for payments aggregating US $39,000 over three years and the assumption of estimated liabilities of US $125,700. Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition of the remaining 62% interest resulted in goodwill of approximately $35,000. See Note 11.

In 1997, the Company acquired the remaining 35% interest in Brink's subsidiary in the Netherlands ("Nedlloyd") for approximately $2,000 with additional contingent payments aggregating $1,100 based on certain performance criteria of Brink's-Nedlloyd, of which approximately $800 was paid in 1998 with the remainder to be paid in 1999. The original 65% acquisition in the Nedlloyd partnership resulted in goodwill of approximately $13,200. The acquisition of the remaining 35% interest resulted in a credit to goodwill of approximately $6,600 as the remaining interest was purchased for less than the book value.

6. INCOME TAXES

The provision (credit) for income taxes consists of the following:

	US Federal	Foreign	State	Total
1998:				
Current	$11,194	20,625	3,500	35,319
Deferred	2,088	(8,278)	25	(6,165)
Total	$13,282	12,347	3,525	29,154
1997:				
Current	$18,707	14,390	4,349	37,446
Deferred	13,506	(3,172)	277	10,611
Total	$32,213	11,218	4,626	48,057
1996:				
Current	$ 7,721	11,201	4,300	23,222
Deferred	22,878	(3,731)	173	19,320
Total	$30,599	7,470	4,473	42,542

The significant components of the deferred tax expense (benefit) were as follows:

	Years Ended December 31 1998	1997	1996
Deferred tax expense, exclusive of the components listed below	$ 7,681	6,950	19,171
Net operating loss carryforwards	(6,651)	(4,345)	(5,065)
Alternative minimum tax credits	(7,626)	7,613	4,200
Change in the valuation allowance for deferred tax assets	431	393	1,014
Total	$(6,165)	10,611	19,320

The tax benefit for compensation expense related to the exercise of certain employee stock options for tax purposes in excess of compensation expense for financial reporting purposes is recognized as an adjustment to shareholders' equity.

The components of the net deferred tax asset as of December 31, 1998 and December 31, 1997 were as follows:

	1998	1997
DEFERRED TAX ASSETS:		
Accounts receivable	$ 13,314	6,448
Postretirement benefits other than pensions	104,322	101,617
Workers' compensation and other claims	43,033	50,139
Other liabilities and reserves	76,909	81,084
Miscellaneous	8,288	16,062
Net operating loss carryforwards	27,664	21,013
Alternative minimum tax credits	33,153	23,631
Valuation allowance	(10,284)	(9,853)
Total deferred tax assets	296,399	290,141
DEFERRED TAX LIABILITIES:		
Property, plant and equipment	66,307	59,787
Pension assets	44,077	49,431
Other assets	14,690	15,538
Investments in foreign affiliates	11,382	9,331
Miscellaneous	64,575	74,943
Total deferred tax liabilities	201,031	209,030
Net deferred tax asset	$ 95,368	81,111

The valuation allowance relates to deferred tax assets in certain foreign and state jurisdictions.

Based on the Company's historical and expected future taxable earnings, management believes it is more likely than not that the Company will realize the benefit of the existing deferred tax asset at December 31, 1998.

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory US federal income tax rate of 35% in 1998, 1997 and 1996 to the income before income taxes.

	Years Ended December 31		
	1998	1997	1996
Income before income taxes:			
United States	$47,976	110,070	101,463
Foreign	47,234	48,185	45,233
Total	$95,210	158,255	146,696
Tax provision computed at statutory rate	$33,323	55,389	51,344
Increases (reductions) in taxes due to:			
Percentage depletion	(6,869)	(7,407)	(7,644)
State income taxes (net of federal tax benefit)	1,861	2,614	1,894
Goodwill amortization	2,369	2,289	2,404
Difference between total taxes on foreign income and the US federal statutory rate	(1,084)	(4,642)	(6,384)
Change in the valuation allowance for deferred tax assets	431	393	1,014
Miscellaneous	(877)	(579)	(86)
Actual tax provision	$ 9,154	48,057	42,542

It is the policy of the Company to accrue deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries and affiliates which are expected to reverse in the foreseeable future. As of December 31, 1998 and December 31, 1997 the unrecognized deferred tax liability for temporary differences of approximately $61,040 and $29,986, respectively, related to investments in foreign subsidiaries and affiliates that are essentially permanent in nature and not expected to reverse in the foreseeable future was approximately $21,364 and $10,495, respectively.

The Company and its domestic subsidiaries file a consolidated US federal income tax return.

As of December 31, 1998, the Company had $33,153 of alternative minimum tax credits available to offset future US federal income taxes and, under current tax law, the carryforward period for such credits is unlimited.

The tax benefit of net operating loss carryforwards as of December 31, 1998 was $27,664 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

7. LONG-TERM DEBT

Total long-term debt consists of the following:

	As of December 31 1998	1997
Senior obligations:		
US dollar term loan due 2001 (year-end rate 5.68% in 1998 and 6.24% in 1997)	$100,000	100,000
Revolving credit notes due 2001 (year-end rate 5.83% in 1998 and 5.92% in 1997)	91,600	25,900
5% amortizing French franc seller's note maturing in 2001	19,646	--
Venezuelan bolivar term loan due 2000 (year-end rate 50.40% in 1998 and 26.40% in 1997)	18,723	31,072
French franc term notes maturing in 2002 (year-end average rate 5.38% in 1998)	12,523	--
Netherlands guilder term loan due 2000 (year-end rate 3.95% in 1998 and 4.29% in 1997)	11,166	10,700
Singapore dollar term loan due 2003 (year-end rate 3.31% in 1998)	10,897	--
All other	27,755	18,859
	292,310	186,531
Obligations under capital leases (average rate 9.14% in 1998 and 10.43% in 1997)	30,998	5,281
Total long-term debt, less current maturities	323,308	191,812
Current maturities of long-term debt:		
Senior obligations	27,123	8,617
Obligations under capital leases	9,386	2,682
Total current maturities of long-term debt	36,509	11,299
Total long-term debt including current maturities	$359,817	203,111

For the four years through December 31, 2003, minimum repayments of long-term debt outstanding are as follows:

2000	$ 60,943
2001	219,324
2002	12,159
2003	15,134

The Company has a $350,000 credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates plus applicable margin. A term loan of $100,000 was outstanding at December 31, 1998 and 1997. Additional borrowings of $91,600 and $25,900 were outstanding at December 31, 1998 and 1997, respectively under the revolving credit portion of the Facility. The Company pays commitment fees (.125% per annum at December 31, 1998) on the unused portions of the Facility.

Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398,000 at December 31, 1998.

The Company has three interest rate swap agreements that effectively convert a portion of the interest on its $100,000 variable rate term loan to fixed rates (See Note 2).

In 1998, the Company purchased 62% (representing substantially all the remaining shares) of its Brink's affiliate in France. As part of the acquisition, the Company assumed a note to the seller denominated in French francs of approximately the equivalent of US $27,500 payable in annual installments plus interest through 2001. In addition, the Company assumed previously existing debt approximating US $49,000, which included borrowings of US $19,000 and capital leases of US $30,000. At December 31, 1998, the long-term portion of the note to the seller was the equivalent of US $19,646 and bore a fixed interest rate of 5.00%. The equivalent of US $ 9,823 is payable in 1999 and included in current maturities. At December 31, 1998, the long-term portion of borrowings and capital leases of Brink's affiliate in France were the equivalent of US $ 12,523 and US $23,709, respectively. The equivalent of US $4,349 and US $5,805, respectively, are payable in 1999 and included in current maturities. At December 31, 1998, the average interest rates for the borrowings and capital leases were 5.38% and 4.90%, respectively.

In 1998, the Company entered into a credit agreement with a major US bank related to BAX Global's Singapore operating unit to finance warehouse facilities. The credit agreement has a revolving period extending through April 1999 at which time amounts outstanding will be converted to a term loan maturing in April 2003. The amount available for borrowing will not exceed the lesser of Singapore $32,500 and US $50,000. At December 31, 1998, the amount outstanding in Singapore dollars was the equivalent of US $10,897 which bore an interest rate of 3.31% and was included in the noncurrent portion of long-term debt. Interest on the borrowings under the agreement is payable at rates based on Alternate Base Rate, LIBOR (London Inter-Bank Offered Rate) US$ Rate, SIBOR (Singapore Inter-Bank Offered Rate) US$ Rate and Adjusted SIBOR-S$ plus the applicable margin.

In 1997, the Company entered into a borrowing agreement in connection with its acquisition of Cleton. In April 1998, the Company refinanced the 1997 acquisition borrowings with a term credit facility denominated in Netherlands guilders and maturing in April 2000. The amount outstanding under the facility at December 31, 1998, was the Netherlands guilders equivalent of US $11,166 and bore an interest rate of 3.95%. Interest on borrowings under the agreement is payable at rates based on AIBOR (Amsterdam Inter-Bank Offered Rate) plus the applicable margin.

In 1997, the Company entered into a borrowing arrangement with a syndicate of local Venezuelan banks in connection with the acquisition of Custodia y Traslado de Valores, C.A. ("Custravalca"). The borrowings consisted of a long-term loan denominated in Venezuelan bolivars equivalent to US $40,000 and a $10,000 short-term loan denominated in US dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. At December 31, 1998, the long-term portion of the Venezuelan debt was the equivalent of US $18,723. The equivalent of US $8,470 is payable in 1999 and is included in current maturities of long-term debt.

Various international subsidiaries maintain lines of credit and overdraft facilities aggregating approximately $111,000 with a number of banks on either a secured or unsecured basis. At December 31, 1998, $58,549 was outstanding under such agreements and was included in short-term borrowings. Average interest rates on the lines of credit and overdraft facilities at December 31, 1998 approximated 12.0%. Commitment fees paid on the lines of credit and overdraft facilities are not significant.

At December 31, 1998, the Company had outstanding unsecured letters of credit totaling $86,301 primarily supporting the Company's obligations under its various self-insurance programs and aircraft lease obligations.

The Company maintains agreements with financial institutions under which it sells certain coal receivables to those institutions. Some of these agreements contained provisions for sales with recourse. As of December 31, 1998, these transactions were accounted for as secured financings, resulting in the recognition of short-term obligations of $29,734. The fair value of these short-term obligations approximated the carrying value and bore an interest rate of 5.72%.

8. NET INCOME PER SHARE

The following is a reconciliation between the calculations of basic and diluted net income per share:

BRINK'S GROUP	Years Ended December 31 1998	1997	1996
NUMERATOR:			
Net income - Basic and diluted net income per share numerator	$79,104	73,622	59,695
DENOMINATOR:			
Basic weighted average common shares outstanding	38,713	38,273	38,200
Effect of dilutive securities:			
Stock options	442	518	482
Diluted weighted average common shares outstanding	39,155	38,791	38,682

Options to purchase 356, 19 and 23 shares of Brink's Stock, at prices between $37.06 and $39.56 per share, $37.06 and $38.16 per share, and $28.63 and $29.50 per share, were outstanding during 1998, 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

BAX GROUP	Years Ended December 31 1998	1997	1996
NUMERATOR:			
Net income (loss)-Basic and diluted net income (loss) per share numerator	$(13,091)	32,348	33,801

DENOMINATOR:			
Basic weighted average common shares outstanding	19,333	19,448	19,223
Effect of dilutive securities:			
Stock options	--	545	458
Diluted weighted average common shares outstanding	19,333	19,993	19,681

Options to purchase 2,588 shares of BAX Stock, at prices between $7.85 and $27.91 per share, were outstanding during 1998 but were not included in the computation of diluted net loss per share because the effect of all options would be antidilutive.

Options to purchase 7 and 30 shares of BAX Stock at $27.91 per share and at prices between $20.19 and $21.13 per share, were outstanding in 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

	Years Ended December 31		
MINERALS GROUP	1998	1997	1996
NUMERATOR:			
Net income	$ 43	4,228	10,658
Convertible Preferred Stock dividends, net	(3,524)	(3,481)	(1,675)
Basic net income (loss) per share numerator	(3,481)	747	8,983
Effect of dilutive securities:			
Convertible Preferred Stock dividends, net	--	--	1,675
Diluted net income (loss) per share numerator	$(3,481)	747	10,658
DENOMINATOR:			
Basic weighted average common shares outstanding	8,324	8,076	7,897
Effect of dilutive securities:			
Convertible Preferred Stock	--	--	1,945
Stock options	--	26	42
Diluted weighted average common shares outstanding	8,324	8,102	9,884

Options to purchase 789 shares of Minerals Stock, at prices between $2.50 and $25.74 per share, were outstanding during 1998 but were not included in the computation of diluted net loss per share because the effect of all options would be antidilutive.

Options to purchase 446 and 300 shares of Minerals Stock, at prices between $12.18 and $25.74 and $13.43 and $25.74 per share, were outstanding during 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

The conversion of preferred stock to 1,764 and 1,785 shares of Minerals Stock has been excluded in the computation of diluted net income (loss) per share in 1998 and 1997, respectively, because the effect of the assumed conversion would be antidilutive.

9. STOCK OPTIONS

The Company has various stock-based compensation plans as described below.

STOCK OPTION PLANS

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest 100% at the end of the third year. The Non-Employee Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest ratably over the first three years. The total number of shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 2,228, 2,517 and 789 in Brink's Stock, BAX Stock and Minerals Stock, respectively. Under the Non-Employee Plan, the total number of shares underlying options authorized for grant, but not yet granted, in Brink's Stock, BAX Stock and Minerals Stock is 144, 100 and 47, respectively.

The Company's 1979 Stock Option Plan (the "1979 Plan") and the 1985 Stock Option Plan (the "1985 Plan") terminated in 1985 and 1988, respectively.

As part of the Brink's Stock Proposal (described in the Company's Proxy Statement dated December 31, 1995 resulting in the modification of the capital structure of the Company to include an additional class of common stock), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or BAX Stock, in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such

plans, the Company converted these options into options for shares of Brink's Stock or BAX Stock, or both, depending on the employment status and responsibilities of the particular optionee. In the case of optionees having Company-wide responsibilities, each outstanding Services Stock option was converted into options for both Brink's Stock and BAX Stock. In the case of other optionees, each outstanding option was converted into a new option only for Brink's Stock or BAX Stock, as the case may be. As a result, upon approval of the Brink's Stock Proposal, 1,750 shares of Brink's Stock and 1,989 shares of BAX Stock were subject to options.

The table below summarizes the activity in all plans from December 31, 1995 to December 31, 1998.

	Shares	Aggregate Exercise Price
SERVICES GROUP COMMON STOCK OPTIONS:		
Outstanding at December 31, 1995	2,399	$ 50,528
Exercised	(15)	(206)
Converted in Brink's Stock Proposal	(2,384)	(50,322)
Outstanding at December 31, 1996	--	$ --
BRINK'S GROUP COMMON STOCK OPTIONS		
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,750	26,865
Granted	369	9,527
Exercised	(166)	(1,800)
Forfeited or expired	(37)	(734)
Outstanding at December 31, 1996	1,916	$ 33,858
Granted	428	13,618
Exercised	(190)	(2,296)
Forfeited or expired	(104)	(2,497)
Outstanding at December 31, 1997	2,050	$ 42,683
Granted	365	13,748
Exercised	(439)	(6,230)
Forfeited or expired	(35)	(985)
Outstanding at December 31, 1998	1,941	$ 49,216
BAX GROUP COMMON STOCK OPTIONS:		
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,989	23,474
Granted	440	7,972
Exercised	(318)	(2,905)
Forfeited or expired	(64)	(952)
Outstanding at December 31, 1996	2,047	$ 27,589
Granted	526	12,693
Exercised	(246)	(2,389)
Forfeited or expired	(71)	(1,223)
Outstanding at December 31, 1997	2,256	$ 36,670
Granted	334	4,683
Exercised	(236)	(1,868)
Forfeited or expired	(166)	(3,393)
Outstanding at December 31, 1998	2,188	$ 36,092
MINERALS GROUP COMMON STOCK OPTIONS:		
Outstanding at December 31, 1995	598	$ 9,359
Granted	4	47
Exercised	(3)	(45)
Forfeited or expired	(16)	(229)
Outstanding at December 31, 1996	583	$ 9,132
Granted	138	1,746
Exercised	(2)	(22)
Forfeited or expired	(67)	(921)
Outstanding at December 31, 1997	652	$ 9,935
Granted	138	721
Exercised	0	0
Forfeited or expired	(128)	(1,668)
Outstanding at December 31, 1998	662	$ 8,988

Options exercisable at the end of 1998, 1997 and 1996, on an equivalent basis, for Brink's Stock were 922, 905 and 1,099, respectively; for BAX Stock were 1,081, 827 and 1,034, respectively; and for Minerals Stock were 491, 253 and 292, respectively.

The following table summarizes information about stock options outstanding as of December 31, 1998.

Range of Exercise Prices	Stock Options Outstanding: Shares	Stock Options Outstanding: Weighted Average Remaining Contractual Life (Years)	Stock Options Outstanding: Weighted Average Exercise Price	Stock Options Exercisable: Shares	Stock Options Exercisable: Weighted Average Exercise Price
BRINK'S STOCK					
$ 9.82 to 13.79	189	1.66	$10.68	189	$10.68
16.77 to 21.34	711	2.06	19.38	711	19.38
25.57 to 31.94	686	4.06	28.94	19	29.74
37.06 to 39.56	355	5.68	38.22	3	39.56
Total	1,941			922	
BAX STOCK					
$ 7.85 to 11.70	374	2.79	$ 9.28	266	$ 9.58
13.41 to 16.32	851	2.74	14.78	728	14.72
17.06 to 21.13	534	3.46	18.07	83	17.29
23.88 to 27.91	429	4.38	24.25	4	27.91
Total	2,188			1,081	
MINERALS STOCK					
$ 2.50 to 6.53	101	5.76	$ 4.23	31	$ 4.20
9.50 to 11.88	243	2.91	10.24	216	10.32
12.69 to 16.63	148	3.66	13.29	74	13.88
18.63 to 25.74	170	1.71	24.18	170	24.18
Total	662			491	

EMPLOYEE STOCK PURCHASE PLAN

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 750 shares of Brink's Stock, 375 shares of BAX Stock and 250 shares of Minerals Stock, to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 41, 43 and 45 shares of Brink's Stock; 48, 29 and 32 shares of BAX Stock; and 118, 46 and 30 shares of Minerals Stock, to employees during 1998, 1997 and 1996, respectively. The share amounts for Brink's Stock and BAX Stock include the restatement for the Services Stock conversion under the Brink's Stock Proposal.

In January 1999, the maximum number of Minerals shares had been issued pursuant to the Plan. At a meeting held subsequent to year end, the Company's Board of Directors adopted an amendment to increase the maximum number of shares of common stock which may be issued pursuant to the Plan to 750 shares of Brink's Stock, 375 shares of BAX Stock and 650 shares of Minerals Stock. This amendment to the Plan is subject to shareholder approval on May 7, 1999.

ACCOUNTING FOR PLANS

The Company has adopted the disclosure - only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", but applies APB Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the accompanying financial statements. Had compensation costs for the Company's plans been determined based on the fair value of awards at the grant dates, consistent with SFAS No. 123, the Company's net income and net income per share would approximate the pro forma amounts indicated below:

	1998	1997	1996
NET INCOME (LOSS) ATTRIBUTED TO COMMON SHARES			
The Company			
As Reported	$ 62,532	106,717	102,479
Pro Forma	57,550	101,746	99,628
Brink's Group			
As Reported	79,104	73,622	59,695
Pro Forma	76,251	71,240	58,389
BAX Group			
As Reported	(13,091)	32,348	33,801
Pro Forma	(15,017)	30,170	32,528
Minerals Group			
As Reported	(3,481)	747	8,983
Pro Forma	(3,684)	336	8,711

	1998	1997	1996
NET INCOME (LOSS) PER COMMON SHARE			
Brink's Group			
Basic, As Reported	$ 2.04	1.92	1.56
Basic, Pro Forma	1.97	1.86	1.53
Diluted, As Reported	2.02	1.90	1.54
Diluted, Pro Forma	1.95	1.84	1.51
BAX Group			
Basic, As Reported	(0.68)	1.66	1.76
Basic, Pro Forma	(0.78)	1.55	1.69
Diluted, As Reported	(0.68)	1.62	1.72
Diluted, Pro Forma	(0.78)	1.51	1.65
Minerals Group			
Basic, As Reported	(0.42)	0.09	1.14
Basic, Pro Forma	(0.44)	0.04	1.10
Diluted, As Reported	(0.42)	0.09	1.08
Diluted, Pro Forma	(0.44)	0.04	1.05

Note: The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

The fair value of each stock option grant used to compute pro forma net income and net income per share disclosures is estimated at the time of the grant using the Black-Scholes option-pricing model.

The weighted-average assumptions used in the model are as follows:

	1998	1997	1996
Expected dividend yield:			
Brink's Stock	0.3%	0.3%	0.4%
BAX Stock	1.7%	1.0%	1.2%
Minerals Stock	1.8%	5.4%	4.8%
Expected volatility:			
Brink's Stock	31%	32%	30%
BAX Stock	50%	29%	32%
Minerals Stock	45%	43%	37%

Risk-Free interest rate:			
Brink's Stock	5.3%	6.2%	6.3%
BAX Stock	5.3%	6.2%	6.3%
Minerals Stock	5.3%	6.2%	6.1%
Expected term (in years):			
Brink's Stock	5.1	4.9	4.7
BAX Stock	5.1	4.8	4.7
Minerals Stock	5.1	4.2	3.7

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1998, 1997 and 1996 for the Brink's Stock is $4,593, $5,155 and $3,341, for the BAX Stock is $1,928, $4,182 and $2,679 and for the Minerals Stock is $250, $487 and $10, respectively.

Under SFAS No. 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the

Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1998, 1997 and 1996 was $205, $455 and $365 for Brink's Stock, $93, $222 and $138 for BAX Stock, and $58, $247 and $95 for Minerals Stock, respectively.

10. CAPITAL STOCK

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes.

The Company, at any time, has the right to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the BAX Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock.

The Company, at any time, has the right to exchange each outstanding share of Minerals Stock, for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Minerals Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. If any shares of the Company's Preferred Stock are converted after an exchange of Minerals Stock for Brink's Stock (or BAX Stock), the holder of such Preferred Stock would, upon conversion, receive shares of Brink's Stock (or BAX Stock) in lieu of shares of Minerals Stock otherwise issuable upon such conversion.

Holders of Brink's Stock at all times have one vote per share. Holders of BAX Stock and Minerals Stock have .739 and .244 vote per share, respectively, subject to adjustment on January 1, 2000, and on January 1 every two years thereafter in such a manner so that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of BAX Stock and Minerals Stock may have more than, less than or continue to have the number of votes per share as they have. Holders of Brink's Stock, BAX Stock and Minerals Stock vote together as a single voting group on all matters as to which all common shareholders are entitled to vote. In addition, as prescribed by Virginia law, certain amendments to the Articles of Incorporation affecting, among other things, the designation, rights, preferences or limitations of one class of common stock, or certain mergers or statutory share exchanges, must be approved by the holders of such class of common stock, voting as a group, and, in certain circumstances, may also have to be approved by the holders of the other classes of common stock, voting as separate voting groups.

In the event of a dissolution, liquidation or winding up of the Company, the holders of Brink's Stock, BAX Stock and Minerals Stock, effective January 1, 1999, share on a per share basis an aggregate amount equal to 54%, 28% and 18%, respectively, of the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage has been set, using a nominal number of shares of Minerals Stock of 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, BAX Stock and Minerals Stock, as the case may be, then outstanding to the total number of shares of all other classes of common stock then outstanding (which totals, in the case of Minerals Stock, shall include the Nominal Shares).

The Company has authority to issue up to 2,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80,500 or 161 shares of its $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board, and bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon. Each share of the Convertible Preferred Stock is convertible at the option of the holder at any time, unless previously redeemed or, under certain circumstances, called for redemption, into shares of Minerals Stock at a conversion price of $32.175 per share of Minerals Stock, subject to adjustment in certain circumstances. The Company may at its option, redeem the Convertible Preferred Stock, in whole or in part, for cash at a price of $515.625 per share, effective February 1, 1999, and thereafter at prices declining ratably annually on each February 1 to an amount equal to $500.00 per share on and after February 1, 2004, plus in each case an amount equal to accrued and unpaid dividends on the date of redemption. Except under certain circumstances or as prescribed by Virginia law, shares of the Convertible Preferred Stock are nonvoting. Other than the Convertible Preferred Stock, no shares of preferred stock are presently issued or outstanding.

In November 1998, under the Company's common share repurchase program, the Company's Board of Directors (the "Board") authorized the purchase, from time to time, of up to 1,000 shares of Brink's Stock, up to 1,500 shares of BAX Stock and up to 1,000 shares of Minerals Stock, not to exceed an aggregate purchase cost of $25,000. Such shares are to be purchased from time to time in the open market or in private transactions, as conditions warrant. In May 1997, the Board authorized additional authority which allows for the purchase, from time to time, of the Convertible Preferred Stock, not to exceed an aggregate purchase cost of $25,000.

Under the share repurchase program, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 1998	1997
Brink's Stock:		
Shares	150	166
Cost	$ 5,617	4,349
BAX Stock:		
Shares	1,047	332
Cost	$12,674	7,405
Convertible Preferred Stock:		
Shares	0.4	1.5
Cost	$ 146	617
Excess carrying amount (a)	$ 23	108

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1998, the Company had remaining authority to purchase over time 1,000 shares of Pittston Minerals Group Common Stock; 1,000 shares of Pittston Brink's Common Stock; 1,465 shares of Pittston BAX Group Common Stock and an additional $24,236 of its Convertible Preferred Stock. The remaining aggregate purchase cost limitation for all common stock was $24,698 at December 31, 1998. The authority to acquire shares remains in effect in 1999.

In 1998, 1997 and 1996, dividends paid on the Convertible Preferred Stock amounted to $3,547, $3,589, and $3,795, respectively. During 1998 and 1997, the Board declared and the Company paid dividends of $3,874 and $3,755 on Brink's Stock, $4,642 and $4,805 on BAX Stock, and $1,969 and $5,176 on Minerals Stock, respectively.

Under a Shareholder Rights Plan adopted by the Board in 1987 and as amended, rights to purchase a new Series A Participating Cumulative Preferred Stock (the "Series A Preferred Stock") of the Company were distributed as a dividend at the rate of one right for each share of the Company's common stock. Each Brink's Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series A Preferred Stock at a purchase price of $26.67, subject to adjustment. Each BAX Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series D Preferred Stock at a purchase price of $26.67, subject to adjustment. Each Minerals Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series B Participating Cumulative Preferred Stock (the "Series B Preferred Stock") at a purchase price of $40, subject to adjustment.

Each fractional share of Series A Preferred Stock and Series B Preferred Stock will be entitled to participate in dividends and to vote on an equivalent basis with one whole share of Brink's Stock, BAX Stock and Minerals Stock, respectively. Each right will not be exercisable until after a third party acquires 15% or more of the total voting rights of all outstanding Brink's Stock, BAX Stock and Minerals Stock or on such date as may be designated by the Board after commencement of a tender offer or exchange offer by a third party for 15% or more of the total voting rights of all outstanding Brink's Stock, BAX Stock and Minerals Stock.

If after the rights become exercisable, the Company is acquired in a merger or other business combination, each right will entitle the holder to purchase, for the purchase price, common stock of the surviving or acquiring company having a market value of twice the purchase price. In the event a third party acquires 15% or more of all outstanding Brink's Stock, BAX Stock and Minerals Stock, the rights will entitle each holder to purchase, at the purchase price, that number of fractional shares of Series A Preferred Stock, Series D Preferred Stock and Series B Preferred Stock equivalent to the number of shares of common stock which at the time of the triggering event would have a market value of twice the purchase price. As an alternative to the purchase described in the previous sentence, the Board may elect to exchange the rights for other forms of consideration, including that number of shares of common stock obtained by dividing the purchase price by the market price of the common stock at the time of the exchange or for cash equal to the purchase price. The rights may be redeemed by the Company at a price of $0.01 per right and expire on September 25, 2007.

The Company's Articles of Incorporation limits dividends on Minerals Stock to the lesser of (i) all funds of the Company legally available therefore (as prescribed by Virginia law) and (ii) the Available Minerals Dividend Amount (as defined in the Articles of Incorporation). The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31,

1998, the Available Minerals Dividend Amount was at least $8,123. See Note 22.

In December 1992, the Company formed The Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock (initially 4,000 shares) to fund obligations under certain employee benefit programs not including stock option plans. The trust first began funding obligations under the Company's various stock option plans in September 1995. In November 1998, the Company sold for a promissory note of the Trust, 1,500 new shares of BAX Stock and 800 new shares of Minerals Stock at a price equal to the closing value of each stock, respectively, on the date prior to issuance. As of December 31, 1998, 2,076 shares of Brink's Stock (2,734 in 1997), 1,858 shares of BAX Stock (868 in 1997) and 766 shares of Minerals Stock (232 in 1997) remained in the Trust, valued at market. These shares will be voted by the trustee in the same proportion as those voted by the Company's employees participating in the Company's Savings Investment Plan. The fair market value of the shares is included in each issue of common stock and capital in excess of par.

11. ACQUISITIONS

All acquisitions discussed below have been accounted for as purchases. Accordingly, the costs of the acquisitions were allocated to the assets acquired and liabilities assumed based on their respective fair values. The results of operations of the businesses acquired have been included in the accompanying consolidated financial statements of the Company from their respective dates of acquisition. The excess of the purchase price over fair value of the net assets acquired is included in goodwill. Some purchase agreements provide for contingent payments based on specified criteria. Any such future payments are capitalized as goodwill when paid. Unless otherwise indicated, goodwill is amortized on a straight-line basis over forty years.

In the first quarter of 1998, the Company purchased 62% (representing substantially all of the remaining shares) of its Brink's affiliate in France ("Brink's S.A.") for payments aggregating US $39,000, including interest, over three years. In addition, estimated liabilities assumed approximated US $125,700. The acquisition was funded primarily through a note to the seller (See Note 7.) The fair value of assets acquired approximated US $127,000 (including US $9,200 in cash). Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition resulted in goodwill of approximately US $35,000. Brink's S.A. had annual revenues of approximately US $220,000 in 1997. If this acquisition had occurred on January 1, 1997, the pro forma impact on the Company's net income or net income per share would not have been material.

On April 30, 1998, the Company acquired the privately held Air Transport International LLC ("ATI") for approximately $29,000. The acquisition was funded through the revolving credit portion of the Company's bank credit agreement. Based on a preliminary evaluation of the fair value of assets acquired and liabilities assumed, which is subject to additional review, the acquisition resulted in goodwill of approximately $1,600. If this acquisition had occurred on either January 1, 1997 or 1998, the pro forma impact on the Company's revenues, net income or net income per share in 1997 and 1998 would not have been material.

In addition, during 1998, the Company acquired additional interests in its Brink's subsidiaries in Bolivia and Colombia and purchased the remaining 50% interest in its Brink's affiliate in Germany. A 10% interest in its Brink's Hong Kong subsidiary was sold in 1998 for an amount approximating book value. If these acquisitions and disposition had occurred on either January 1, 1997 or 1998, the pro forma impact on the Company's revenues, net income or net income per share in 1997 and 1998 would not have been material.

In the first quarter of 1997, the Company increased its ownership position in its Brink's Venezuelan affiliate, Custodia y Traslado de Valores, C.A. ("Custralvalca"), from 15% to 61%. The acquisition was financed through a syndicate of local Venezuelan banks (See Note 7.) In conjunction with this transaction, Brink's acquired an additional 31% interest in Brink's Peru S.A. bringing its total interest to 36%. If these acquisitions had occurred on January 1, 1996, the pro forma impact on the Company's revenues, net income or net income per share in 1996 would not have been material.

In June 1997, the Company acquired Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands, for the equivalent of US $10,700 in cash and the assumption of the equivalent of US $10,000 of debt. Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition resulted in initial goodwill of approximately US $3,800. Additional contingent payments of approximately US $1,500 and US $1,600 were made in 1997 and 1998, respectively, increasing total goodwill associated with this acquisition to US $6,900. An additional contingent payment may be made in 1999, based on certain performance requirements of Cleton.

In addition, throughout 1997, the Company acquired additional interests in several subsidiaries and affiliates. Remaining interests were acquired in the Netherlands, Hong Kong, Taiwan and South Africa while ownership positions were increased in Bolivia and Chile. If these acquisitions had occurred on January 1, 1996 or 1997, the pro forma impact on the Company's revenues, net income or net income per share in 1996 and 1997 would not have been material.

There were no material acquisitions in 1996.

12. COAL JOINT VENTURE

The Company, through a wholly owned indirect subsidiary, has a partnership agreement, Dominion Terminal Associates ("DTA"), with three other coal companies to operate coal port facilities in Newport News, Virginia, in the Port of Hampton Roads (the "Facilities"). The Facilities, in which the Company's wholly owned indirect subsidiary has a 32.5% interest, have an annual throughput capacity of 22 million tons, with a ground storage capacity of approximately 2 million tons. The Facilities are financed by a series of coal terminal revenue refunding bonds issued by the Peninsula Ports Authority of Virginia (the "Authority"), a political subdivision of the Commonwealth of Virginia, in the aggregate principal amount of $132,800, of which $43,160 are attributable to the Company. These bonds bear a fixed interest rate of 7.375%. The Authority owns the Facilities and leases them to DTA for the life of the bonds, which mature on June 1, 2020. DTA may purchase the Facilities for one dollar at the end of the lease term. The obligations of the partners are several, and not joint.

Under loan agreements with the Authority, DTA is obligated to make payments sufficient to provide for the timely payment of the principal and interest on the bonds. Under a throughput and handling agreement, the Company has agreed to make payments to DTA that in the aggregate will provide DTA with sufficient funds to make the payments due under the loan agreements and to pay the Company's share of the operating costs of the Facilities. The Company has also unconditionally guaranteed the payment of the principal of and premium, if any, and the interest on the bonds. Payments for operating costs aggregated $3,168 in 1998, $4,691 in 1997 and $5,208 in 1996. The Company has the right to use 32.5% of the throughput and storage capacity of the Facilities subject to user rights of third parties which pay the Company a fee. The Company pays throughput and storage charges based on actual usage at per ton rates determined by DTA.

13. LEASES

The Company and its subsidiaries lease aircraft, facilities, vehicles, computers and coal mining and other equipment under long-term operating and capital leases with varying terms. Most of the operating leases contain renewal and/or purchase options.

As of December 31, 1998, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Aircraft	Facilities	Equipment & Other	Total
1999	$ 39,888	53,278	33,680	126,846
2000	32,731	42,005	26,610	101,346
2001	28,645	34,083	17,357	80,085
2002	12,698	29,826	11,541	54,065
2003	3,720	24,772	6,231	34,723
2004	--	22,037	1,077	23,114
2005	--	18,471	908	19,379
2006	--	16,977	817	17,794
Later Years	--	97,409	1,780	99,189
Total	$117,682	338,858	100,001	556,541

These amounts are net of aggregate future minimum noncancellable sublease rentals of $3,064.

Net rent expense amounted to $126,300 in 1998, $109,976 in 1997 and $111,562 in 1996.

The Company incurred capital lease obligations of $13,307 in 1998, $4,874 in 1997 and $3,185 in 1996. In addition, in conjunction with the 1998 acquisition of the Brink's affiliate in France (see Note 11), capital lease obligations of US $30,000 were assumed.

Minimum future lease payments under capital leases as of December 31, 1998, for each of the next five years and in the aggregate are:

1999	$12,271
2000	9,943
2001	6,792
2002	3,931
2003	3,015
Subsequent to 2003	8,987
Total minimum lease payments	44,939
Less: Executory costs	38
Net minimum lease payments	44,901
Less: Amount representing interest	4,517
Present value of net minimum lease payment	$40,384

Interest rates on capitalized leases vary from 5.7% to 23.5% and are imputed based on the lower of the Company's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

There were no non-cancellable subleases and no contingent rental payments in 1998 or 1997.

The Company is in the process of negotiating certain facilities leasing agreements with terms of ten years. Aggregate future minimum lease payments under these agreements are expected to approximate $43,000.

At December 31, 1998, the Company had contractual commitments with a third party to provide aircraft usage and services to the Company. The fixed and determinable portion of the obligations under these agreements aggregate approximately $153,240 and expire from 1999 to 2003 as follows:

1999	$42,720
2000	42,720
2001	37,680
2002	27,240
2003	2,880

Spending under these agreements, including any variable component, was $60,846 in 1998, $39,204 in 1997 and $18,740 in 1996.

14. EMPLOYEE BENEFIT PLANS

The Company and its subsidiaries maintain several noncontributory defined benefit pension plans covering substantially all nonunion employees who meet certain minimum requirements, in addition to sponsoring certain other defined benefit plans. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The Company's policy is to fund the actuarially determined amounts necessary to provide assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations.

The net pension expense for 1998, 1997 and 1996 for all plans is as follows:

	Years Ended December 31		
	1998	1997	1996
Service cost-benefits earned during year	$ 19,932	15,283	14,753
Interest cost on projected benefit obligation	30,181	26,978	23,719
Return on assets-expected	(45,115)	(40,894)	(37,648)
Other amortization, net	2,156	564	1,741
Net pension expense	$ 7,154	1,931	2,565

The assumptions used in determining the net pension expense for the Company's primary pension plan were as follows:

	1998	1997	1996
Interest cost on projected benefit obligation	7.5%	8.0%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Rate of increase in compensation levels	4.0%	4.0%	4.0%

Reconciliations of the projected benefit obligation, plan assets, funded status and prepaid pension expense at December 31, 1998 and 1997 are as follows:

	Years Ended December 31	
	1998	1997
Projected benefit obligation at beginning of year	$402,252	339,260
Service cost-benefits earned during the year	19,932	15,283
Interest cost on projected benefit obligation	30,181	26,978
Plan participants' contributions	1,070	800
Acquisitions	8,128	--
Benefits paid	(18,485)	(16,619)
Actuarial loss	54,520	40,734
Foreign currency exchange rate changes	468	(4,184)
Projected benefit obligation at end of year	$498,066	402,252
Fair value of plan assets at beginning of year	$511,245	450,430

Return on assets - actual	69,803	81,195
Acquisitions	1,440	--
Plan participants' contributions	1,070	800
Employer contributions	1,744	1,075
Benefits paid	(18,485)	(16,619)
Foreign currency exchange rate changes	(645)	(5,636)
Fair value of plan assets at end of year	$566,172	511,245
Funded status	$ 68,106	108,993
Unamortized initial net asset	(756)	(1,450)
Unrecognized experience loss	38,061	10,548
Unrecognized prior service cost	1,383	1,209
Net pension assets	106,794	119,300
Current pension liabilities	6,078	3,838
Noncurrent pension liabilities	6,628	--
Deferred pension assets per balance sheet	$119,500	123,138

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 7.0% in 1998 and 7.5% in 1997. The expected long-term rate of return on assets was 10% in both years. The rate of increase in compensation levels used was 4% in 1998 and 1997.

The unrecognized initial net asset at January 1, 1986 (January 1, 1989 for certain foreign pension plans), the date of adoption of Statement of Financial Accounting Standards No. 87, has been amortized over the estimated remaining average service life of the employees.

Under the 1990 collective bargaining agreement with the United Mine Workers of America ("UMWA"), the Company agreed to make payments at specified contribution rates for the benefit of the UMWA employees. The trustees of the UMWA pension fund contested the agreement and brought action against the Company. While the case was in litigation, Minerals Group's benefit payments were made into an escrow account for the benefit of union employees. During 1996, the case was settled and the escrow funds were released (Note 18). As a result of the settlement, the Coal subsidiaries agreed to continue their participation in the UMWA 1974 pension plan at defined contribution rates. Under this plan, expense recognized in 1998, 1997 and 1996 was $574, $1,128 and $1,204, respectively.

Expense recognized in 1998, 1997 and 1996 for other multi-employer plans was $765, $640 and $843, respectively.

The Company and its subsidiaries also provide certain postretirement health care and life insurance benefits for eligible active and retired employees in the United States and Canada.

For the years 1998, 1997 and 1996, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31 1998	1997	1996
Service cost--benefits earned during the year	$ 1,167	1,610	2,069
Interest cost on accumulated postretirement benefit obligation	22,412	22,112	20,213
Amortization of losses	2,929	1,389	1,128
Total expense	$26,508	25,111	23,410

The actuarially determined and recorded liabilities for the following postretirement benefits have not been funded.

Reconciliations of the accumulated postretirement benefit obligation, funded status and accrued postretirement benefit cost at December 31, 1998 and 1997 are as follows:

	Years Ended December 31 1998	1997
Accumulated postretirement benefit obligation at beginning of year	$ 313,921	287,522
Service cost-benefits earned during the year	1,167	1,610
Interest cost on accumulated postretirement benefit obligation	22,412	22,112
Benefits paid	(18,463)	(18,927)
Actuarial loss	17,855	21,614
Foreign currency exchange rate changes	(61)	(10)
Total accumulated postretirement benefit obligation at end of year	$ 336,831	313,921
Accumulated postretirement benefit obligation at end of year-retirees	$ 282,687	255,190
Accumulated postretirement benefit obligation at end of year-active participants	54,144	58,731
Total accumulated postretirement benefits obligation at end of year	$ 336,831	313,921
Funded status	$(336,831)	(313,921)
Unrecognized experience loss	78,173	63,247
Accrued postretirement benefit cost at end of year	$(258,658)	(250,674)

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.0% in 1998 and 7.5% in 1997. The assumed health care cost trend rate used in 1998 was 6.62% for pre-65 retirees, grading down to 5% in the year 2001. For post-65 retirees, the assumed trend rate in 1998 was 5.95%, grading down to 5% in the year 2001. The assumed Medicare cost trend rate used in 1998 was 5.73%, grading down to 5% in the year 2001.

A percentage point increase each year in the assumed health care cost trend rate used would have resulted in an increase of approximately $3,300 in the aggregate service and interest components of expense for the year 1998, and an increase of approximately $37,900 in the accumulated postretirement benefit obligation at December 31, 1998.

A percentage point decrease each year in the assumed health care cost trend rate would have resulted in a decrease of approximately $3,100 in the aggregate service and interest components of expense for the year 1998 and a decrease of approximately $35,700 in the accumulated postretirement benefit obligation at December 31, 1998.

The Company also sponsors a Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 50% to 125% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $7,745 in 1998, $7,362 in 1997 and $6,875 in 1996.

The Company sponsors other defined contribution benefit plans based on hours worked, tons produced or other measurable factors. Contributions under all of these plans aggregated $986 in 1998, $206 in 1997 and $643 in 1996.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which the Company and certain of its subsidiaries (the "Pittston Companies") are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share or certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1998, 1997 and 1996, these amounts, on a pretax basis, were approximately $9,600, $9,300 and $10,400, respectively. The Company currently estimates that the annual liability under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10,000 per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases. As a result of legal developments in 1998 involving the Health Benefit Act, the Company experienced an increase in its assessments under the Health Benefit Act for the twelve month period beginning October 1, 1998, approximating $1,700, $1,100 of which relates to retroactive assessments for years prior to 1998. This increase consists of charges for death benefits which are provided for by the Health Benefit Act, but which previously have been covered by other funding sources. As with all the Company's Health Benefit Act assessments, this amount is to be paid in 12 equal monthly installments over the plan year beginning October 1, 1998. The Company is unable to determine at this time whether any other additional amounts will apply in future plan years.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' remaining beneficiaries at approximately $216,000, which when discounted at 7.0% provides a present value estimate of approximately $99,000. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and the annual cost is recognized on a pay-as-you-go basis.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain post-retirement health benefits for thousands of retired union mine workers and their dependents. Substantially all of the Company's accumulated postretirement benefit obligation as of December 31, 1998 for retirees of $282,687 relates to such retired workers and their beneficiaries.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of the health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined.

15. RESTRUCTURING AND OTHER (CREDITS) CHARGES, INCLUDING LITIGATION ACCRUAL

Refer to Note 18 for a discussion of the benefit of the reversal of a litigation accrual related to the Evergreen case of $35,650 in 1996.

At December 31, 1998, Pittston Coal had a liability of $25,213 for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Pittston Coal will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted at December 31, 1998 should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions, Pittston Coal reversed $11,649 of the reserve in 1996. The 1996 reversal included $4,778 related to estimated mine and plant closures, primarily reclamation, and $6,871 in employee severance and other benefit costs. As a result of favorable workers' compensation claim development, Pittston Coal reversed $1,479 and $3,104 in 1998 and 1997, respectively.

The following table analyzes the changes in liabilities during the last three years for facility closure costs recorded as restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1995	$1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (a)	842	5,499	3,921	10,262
Other reductions (b)	--	6,267	--	6,267
Balance December 31, 1996	376	12,439	25,285	38,100
Reversals	--	--	3,104	3,104
Payments (c)	376	1,764	2,010	4,150
Other	--	468	(468)	--
Balance December 31, 1997	$ --	11,143	19,703	30,846
Reversals	--	--	1,479	1,479
Payments (d)	--	1,238	1,917	3,155
Other reductions (b)	--	999	--	999
Balance December 31, 1998	$ --	8,906	16,307	25,213

(a) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993 and $4,658 was for liabilities recorded in 1994.

(b) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.

(c) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.

(d) Of the total payments made in 1998, $2,491 was for liabilities recorded in years prior to 1993, $10 was for payments recorded in 1993 and $654 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $3,000 to $5,000. The liability for mine and plant closure costs is expected to be satisfied over the next eight years, of which approximately 34% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to eight years.

16. OTHER OPERATING INCOME

Other operating income generally includes royalty income, gains on sales of assets and foreign exchange transactions gains and losses. Other operating income also includes the Company's share of net income of unconsolidated affiliated companies carried on the equity method of $1,602, $539 and $2,103 for 1998, 1997 and 1996, respectively.

Summarized financial information presented includes the accounts of the following equity affiliates (a):

	Ownership At December 31, 1998
Servicio Pan Americano De Protection, S.A. (Mexico)	20%
Brink's Panama, S.A.	49%
Brink's Peru, S.A.	36%
Security Services (Brink's Jordan), W.L.L.	45%
Brink's-Allied Limited (Ireland)	50%
Brink's Arya India Private Limited	40%
Brink's Pakistan (Pvt.) Limited	49%
Brink's (Thailand) Ltd.	40%
BAX International Forwarding Ltd. (Taiwan)	33.3%
Mining Project Investors Limited (Australia) (b)	51.5%
MPI Gold (USA) (b)	51.5%

	1998	1997	1996
Revenues	$415,216	638,624	728,815
Gross profit	56,471	97,976	78,900
Net income (loss)	(204)	4,427	11,160
Current assets	82,771	131,160	209,089
Noncurrent assets	113,167	215,531	217,445
Current liabilities	76,990	153,247	192,679
Noncurrent liabilities	43,138	84,170	117,952
Net equity	75,810	109,274	115,903

(a) Also includes amounts related to equity affiliates who were either sold prior to December 31, 1998, became consolidated affiliates through increased ownership prior to December 31, 1998 (most notably Brink's S.A. France and Brink's Schenker Germany) or converted to cost investment. All amounts for such affiliates are presented pro-rata, where applicable.

(b) 45% ownership on a fully diluted basis.

Undistributed earnings of such companies included in consolidated retained earnings approximated $14,600 at December 31, 1998.

17. SEGMENT INFORMATION

The Company implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods.

The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information.

The Company has five reportable segments: Brink's, BHS, BAX Global, Pittston Coal and Mineral Ventures. Management has determined these reportable segments based on how resources are allocated and how operational decisions are made. The Company's reportable segments are business units that offer different types of products and services. Management evaluates performance and allocates resources based on operating profit or loss excluding corporate allocations.

Brink's is a worldwide security transportation and services company and BHS installs and monitors residential security systems in the United States and Canada. BAX Global provides global expedited freight transportation services. BAX Global also provides global non-expedited freight services including supply chain management services. Pittston Coal produces and markets low sulphur steam coal used for the generation of electricity. It also mines and markets high quality metallurgical coal for steel production worldwide. Mineral Ventures is a gold production and exploration company which has interests in a gold mine in Australia and explores for gold and base metals in Australia and Nevada.

Operating segment information is as follows:

	Years Ended December 31		
	1998	1997	1996
NET SALES AND OPERATING REVENUES:			
BAX Global	$1,776,980	1,662,338	1,484,869
Brink's	1,247,681	921,851	754,011
BHS	203,586	179,583	155,802
Pittston Coal	503,302	612,907	677,393
Mineral Ventures	15,333	17,719	19,120
Consolidated net sales and operating revenues (a)	$3,746,882	3,394,398	3,091,195
OPERATING PROFIT (LOSS)			
BAX Global (b)	$ (628)	63,264	64,604
Brink's (c)	98,420	81,591	56,823
BHS (d)	53,032	52,844	44,872
Pittston Coal (e)	3,207	12,217	20,034
Mineral Ventures (f)	(1,031)	(2,070)	1,619
Segment operating profit	153,000	207,846	187,952
General Corporate expense	(27,857)	(19,718)	(21,445)
Consolidated operating profit	$ 125,143	188,128	166,507

(a) Includes US revenues of $2,256,955, $2,246,575 and $2,128,573 in 1998, 1997 and 1996, respectively.

(b) The 1998 amounts include additional expenses of approximately $36,000 related to the termination or rescoping of certain information technology projects (approximately $16,000), increased provisions on existing accounts receivable (approximately $13,000) and approximately $7,000 primarily related to severance expenses associated with BAX Global's redesign of its organizational structure. 1997 amounts include $12,500 of consulting expenses related to the redesign of BAX Global's business processes and information systems architecture.

(c) Includes equity in net income of unconsolidated affiliates of $1,235 in 1998, $1,471 in 1997 and $1,941 in 1996.

(d) As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase operating profit by $6,114 in 1998, $4,943 in 1997 and $4,539 in 1996 (Note 4). BHS changed its annual depreciation rate in 1997 resulting in a reduction of depreciation expense for capitalized installation costs of $8,915 (Note 4).

(e) Operating profit includes a benefit from restructuring and other credits, including litigation accrual aggregating $1,479, $3,104 and $47,299 in 1998, 1997 and 1996, respectively (Note 15). Operating profit in 1996 also includes a charge of $29,948 related to the adoption of FAS 121 (Note 1).

(f) Includes equity in net income (loss) of unconsolidated affiliates of $438 in

1998, ($671) in 1997 and $302 in 1996.

	Years Ended December 31		
	1998	1997	1996
CAPITAL EXPENDITURES:			
BAX Global	$ 76,115	31,307	59,470
Brink's	74,716	49,132	34,072
BHS	81,420	70,927	61,522
Pittston Coal	21,221	22,285	18,881
Mineral Ventures	4,282	4,544	3,714
General Corporate	583	613	5,950
Consolidated capital expenditures	$ 258,337	178,808	183,609
DEPRECIATION, DEPLETION AND AMORTIZATION:			
BAX Global	$ 35,287	29,667	23,254
Brink's	45,742	30,758	24,293
BHS	36,630	30,344	30,115
Pittston Coal	33,275	35,351	34,632
Mineral Ventures	2,735	1,968	1,856
General Corporate	684	663	468
Consolidated depreciation, depletion and amortization	$ 154,353	128,751	114,618

	As of December 31		
	1998	1997	1996
ASSETS:			
BAX Global	$ 765,185	690,144	617,784
Brink's (a)	679,718	441,138	340,922
BHS	230,357	193,027	149,992
Pittston Coal	528,468	549,576	594,772
Mineral Ventures (b)	18,733	20,432	22,826
Identifiable assets	$2,222,461	1,894,317	1,726,296
General Corporate (primarily cash, investments, advances and deferred pension assets)	108,676	101,627	106,307
Consolidated assets (c)	$2,331,137	1,995,944	1,832,603

(a) Includes investments in unconsolidated equity affiliates of $14,994, $27,241 and $26,497 in 1998, 1997 and 1996, respectively.

(b) Includes investments in unconsolidated equity affiliates of $5,034, $6,349 and $8,408 in 1998, 1997 and 1996, respectively.

(c) Includes long-lived assets (property, plant and equipment) located in the US of $509,349, $476,991 and $433,955 as of December 31, 1998, 1997 and 1996, respectively.

18. LITIGATION

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,600 and $11,200 and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June

1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will

ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law, and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Company's results of operations or financial position.

In 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Company recognized in its consolidated financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case (Notes 14 and 15).

In late March 1996, a settlement was reached in the Evergreen Case. Under the terms of the settlement, the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25,800 upon dismissal of the Evergreen Case and the remainder of $24,000 in installments of $7,000 in 1996 and $8,500 in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second, third and fourth (last) payments were paid according to schedule and were funded from cash provided by operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan.

As a result of the settlement of the Evergreen Case at an amount lower than those previously accrued, the Company recorded a pretax gain of $35,650 ($23,173 after-tax) in the first quarter of 1996 in its consolidated financial statements.

19. COMMITMENTS

At December 31, 1998, the Company had contractual commitments for third parties to contract mine or provide coal to the Company. Based on the contract provisions these commitments are currently estimated to aggregate approximately $202,033 and expire from 1999 through 2005 as follows:

1999	$60,563
2000	38,186
2001	38,036
2002	38,036
2003	13,814
2004	7,656
2005	5,742

Spending under the contracts was $72,086 in 1998, $91,119 in 1997 and $99,161 in 1996.

20. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1998, 1997 and 1996, cash payments for income taxes, net of refunds received, were $27,745, $30,677 and $26,412, respectively.

For the years ended December 31, 1998, 1997 and 1996, cash payments for interest were $38,126, $26,808 and $14,659, respectively.

In connection with the June 1997 acquisition of Cleton & Co. ("Cleton"), the Company assumed the equivalent of US $10,000 of Cleton debt, of which the equivalent of approximately US $6,000 was outstanding at December 31, 1997.

During 1998, the Company recorded the following noncash investing and financing activities in connection with the acquisition of substantially all of the remaining shares of its Brink's affiliate in France: seller financing of the equivalent of US $27,500 and the assumption of borrowings of approximately US $19,000 and capital leases of approximately US $30,000.

21. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1998 and 1997. The first three quarters of 1997 net income per share amounts have been restated to comply with SFAS No. 128,

"Earnings Per Share." Third quarter 1997 amounts have been reclassified to include $3,948 of revenues and transportation expenses from Cleton, which was acquired in June 1997.

	1st	2nd	3rd	4th
1998 QUARTERS:				
Net sales and operating revenues	$862,664	927,104	968,932	988,182
Gross profit	122,729	135,146	149,278	150,398
Net income (a), (b)	12,828	20,762	211	32,255
Net income per Brink's Group common share:				
Basic	$ .44	.53	.52	.55
Diluted	.44	.52	.51	.55
Net income (loss) per BAX Group common share:				
Basic (a)	$ (.15)	.05	(1.13)	.56
Diluted	(.15)	.05	(1.13)	.56
Net income (loss) per Minerals Group common share:				
Basic (b)	$ (.26)	(.20)	.14	(.10)
Diluted	(.26)	(.20)	.14	(.10)
1997 QUARTERS:				
Net sales and operating revenues	$781,676	826,154	874,449	912,119
Gross profit	109,445	118,884	143,136	143,567
Net income (b) (c)	21,341	14,663	36,337	37,857
Net income per Brink's Group common share:				
Basic	$ .40	.46	.51	.55
Diluted	.40	.46	.50	.54
Net income (loss) per BAX Group common share:				
Basic (c)	$ .26	(.10)	.82	.68
Diluted	.26	(.10)	.80	.66
Net income (loss) per Minerals Group common share:				
Basic (b)	$ .01	(.26)	.02	.32
Diluted	.01	(.26)	.02	.32

(a) The third quarter of 1998 includes additional expenses of approximately $36,000 ($22,680 after-tax; $1.17 per share) related to the termination or rescoping of certain information technology projects (approximately $16,000 pre-tax), increased provisions on existing accounts receivable (approximately $13,000 pre-tax), and approximately $7,000 (pre-tax) primarily related to severance expenses associated with BAX Global's redesign of its organizational structure.

(b) The fourth quarters of 1998 and 1997 include the reversal of excess restructuring liabilities of $1,479 ($961 after-tax; $0.11 per share) and $3,104 ($2,108 after-tax; $0.25 per share), respectively.

(c) The second quarter of 1997 includes $12,500 pre-tax ($7,900 after-tax; $0.40 per share) of consulting expenses related to the redesign of BAX Global's business processes and new information systems architecture.

22. SUBSEQUENT EVENT

Effective March 15, 1999, under the Company's preferred share purchase program, the Company purchased 84 shares of the Convertible Preferred Stock at $250 per share for a total cost approximating $21,000. The excess of the carrying amount over the cash paid for the repurchase was approximately $19,000. In addition, on March 12, 1999, the Board authorized an increase in the remaining authority to repurchase Convertible Preferred Stock by $4,300.

As discussed in Note 10, the Available Minerals Dividend is impacted by activity that affects shareholders' equity or the fair value of the net assets of the Minerals Group. The purchase amount noted above reduces the Available Minerals Dividend Amount as currently calculated. Accordingly, the purchase of the Convertible Preferred Stock plus recent financial performance of the Minerals Group is expected to significantly reduce or eliminate the ability to pay dividends on the Minerals Group Common Stock.

Common Stock

	Market Price High	Low	Declared Dividends
1998			
BRINK'S GROUP			
1st Quarter	$42.88	37.25	$ .025
2nd Quarter	41.44	35.56	.025
3rd Quarter	39.13	31.31	.025
4th Quarter	37.13	28.00	.025
BAX GROUP (a)			
1st Quarter	$25.88	15.00	$ .06
2nd Quarter	19.13	14.75	.06
3rd Quarter	15.69	6.44	.06
4th Quarter	11.25	5.31	.06
MINERALS GROUP (b)			
1st Quarter	$9.75	7.63	$.1625
2nd Quarter	8.88	4.81	.025
3rd Quarter	5.75	2.75	.025
4th Quarter	3.50	1.94	.025
1997			
BRINK'S GROUP			
1st Quarter	$29.75	25.25	$ .025
2nd Quarter	32.88	25.38	.025
3rd Quarter	41.94	29.63	.025
4th Quarter	42.13	33.44	.025
BAX GROUP (a)			
1st Quarter	$21.13	18.50	$ .06
2nd Quarter	29.00	20.50	.06
3rd Quarter	30.81	23.25	.06
4th Quarter	31.00	24.31	.06
MINERALS GROUP (b)			
1st Quarter	$16.88	12.88	$.1625
2nd Quarter	14.63	11.00	.1625
3rd Quarter	12.25	10.06	.1625
4th Quarter	11.38	6.63	.1625

(a) Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

(b) Dividends on Minerals Stock are limited by the Available Minerals Dividend Amount. See Notes 10 and 22 and Management's Discussion and Analysis.

During 1998 and 1997, Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") traded on the New York Stock Exchange under the ticker symbols "PZB", "PZX", and "PZM", respectively.

As of March 2, 1999, there were approximately 4,800 shareholders of record of Brink's Stock, approximately 4,300 shareholders of record of BAX Stock and approximately 3,900 shareholders of record of Minerals Stock.

SELECTED FINANCIAL DATA

The following Selected Financial Data reflects the results of operations and financial position of the businesses which comprise Pittston Minerals Group ("Minerals Group") and should be read in connection with the Minerals Group's financial statements. The financial information of the Minerals Group, Pittston Brink's Group ("Brink's Group") and Pittston BAX Group ("BAX Group") supplements the consolidated financial information of The Pittston Company and Subsidiaries (the "Company") and, taken together, includes all accounts which comprise the corresponding consolidated financial information of the Company.

FIVE YEARS IN REVIEW

(In thousands, except per share amounts)

	1998	1997	1996	1995	1994
SALES AND INCOME (LOSS) (a):					
Net sales	$518,635	630,626	696,513	722,851	794,998
Net income (loss)	43	4,228	10,658	14,024	(52,948)
FINANCIAL POSITION (a):					
Net property, plant and equipment	$153,785	172,338	170,809	199,344	220,462
Total assets	641,464	654,182	706,981	798,609	867,512
Long-term debt, less current maturities	131,772	116,114	124,572	100,791	88,175
Shareholder's equity	(25,652)	(18,572)	(11,660)	(8,679)	(8,596)
AVERAGE PITTSTON MINERALS GROUP COMMON SHARES OUTSTANDING (b), (e):					
Basic	8,324	8,076	7,897	7,786	7,594
Diluted	8,324	8,102	9,884	10,001	7,594
PITTSTON MINERALS GROUP COMMON SHARES OUTSTANDING (b):	9,186	8,406	8,406	8,406	8,390
PER PITTSTON MINERALS GROUP COMMON SHARE (b), (e):					
Net income (loss) (c):					
Basic	$ (0.42)	0.09	1.14	1.45	(7.50)
Diluted	(0.42)	0.09	1.08	1.40	(7.50)
Cash dividends (f)	.24	.65	.65	.65	.65
Book value (d)	(9.50)	(8.94)	(8.38)	(9.46)	(10.74)

(a) See Management's Discussion and Analysis for a discussion of disposition of assets, restructuring charges and credits, and litigation accruals and settlements.

(b) Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust of 766 shares, 232 shares, 424 shares, 594 shares and 723 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. Average shares outstanding do not include these shares.

(c) For the year ended December 31, 1994, diluted net income per share is considered to be the same as basic since the effect of stock options and the assumed conversion of preferred stock was antidilutive.

(d) Calculated based on shareholder's equity, excluding amounts attritubable to preferred stock and on the number of shares outstanding at the end of the period excluding shares outstanding under the Company's Employee Benefits Trust.

(e) The net income per share amounts prior to 1997 have been restated, as required, to comply with Statement of Financial Accounting Standards No. 128, "Earnings Per Share". For further discussion of net income per share, see Note 10 to the Minerals Group Financial Statements.

(f) Cash dividends per share reflect a per share dividend of $.1625 declared in the first quarter of 1998 (based on an annual rate of $.65 per share) and three per share dividends of $.025 declared in each of the following 1998 quarters (based on an annual rate of $.10 per share).

Pittston Minerals Group

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The financial statements of the Pittston Minerals Group (the "Minerals Group") include the balance sheets, results of operations and cash flows of the Pittston Coal Company ("Pittston Coal") and Pittston Mineral Ventures ("Mineral Ventures") operations of The Pittston Company (the "Company"), and a portion of the Company's corporate assets and liabilities and related transactions which are not specifically identified with operations of a particular segment. The Minerals Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate amounts reflected in these financial statements are determined based upon methods which management believes to provide a reasonable and equitable estimate of costs, assets and liabilities attributable to the Minerals Group.

The Company provides to holders of the Pittston Minerals Group Common Stock ("Minerals Stock") separate financial statements, financial reviews, descriptions of business and other relevant information for the Minerals Group in addition to consolidated financial information of the Company. Holders of Minerals Stock are shareholders of the Company, which is responsible for all its liabilities. Therefore, financial developments affecting the Minerals Group, the Pittston Brink's Group (the "Brink's Group") or the Pittston BAX Group (the "BAX Group") that affect the Company's financial condition could therefore affect the results of operations and financial condition of each of the Groups. Accordingly, the Company's consolidated financial statements must be read in connection with the Minerals Group's financial statements.

The following discussion is a summary of the key factors management considers necessary in reviewing the Minerals Group's results of operations, liquidity and capital resources. This discussion must be read in conjunction with the financial statements and related notes of the Minerals Group and the Company.

RESULTS OF OPERATIONS

(In thousands)	Years Ended December 31 1998	1997	1996
Net sales:			
Pittston Coal:			
Coal Operations	$495,303	604,140	670,121
Allied Operations (a)	7,999	8,767	7,272
Total Pittston Coal	503,302	612,907	677,393
Mineral Ventures	15,333	17,719	19,120
Net sales	$518,635	630,626	696,513
Operating profit (loss):			
Pittston Coal:			
Coal Operations	$ (3,581)	5,274	13,131
Allied Operations (a)	6,788	6,943	6,903
Total Pittston Coal	3,207	12,217	20,034
Mineral Ventures	(1,031)	(2,070)	1,619
Segment operating profit	2,176	10,147	21,653
General corporate expense	(8,316)	(5,988)	(6,555)
Operating profit (loss)	$ (6,140)	4,159	15,098
Depreciation and amortization			
Pittston Coal	$ 33,275	35,351	34,632
Mineral Ventures	2,735	1,968	1,856
General corporate	206	196	136
Total depreciation and amortization	$ 36,216	37,515	36,624
Cash capital expenditures			
Pittston Coal	$20,564	22,423	19,108
Mineral Ventures	3,418	3,919	2,683
General corporate	180	92	1,784
Total cash capital expenditures	$ 24,162	26,434	23,575

(a) Primarily consists of timber and natural gas operations.

The Minerals Group is primarily engaged in the mining, preparation and marketing of coal, the purchase of coal for resale, the sale or leasing of coal lands to others ("Coal Operations") and has interests in the timber and natural gas businesses ("Allied Operations") through Pittston Coal. The Minerals Group also explores for and acquires mineral assets, primarily gold, through its Mineral Ventures operations.

The Minerals Group reported net income of $43 thousand in 1998 as compared to $4.2 million in 1997. Net sales during 1998 decreased $112.0 million (18%) compared to 1997. The operating loss in 1998 totaled $6.1 million as compared to operating profit of $4.2 million reported in 1997. In 1998 and 1997, respectively, the Minerals Group's operating results benefited from a $1.5 million and a $3.1 million reversal of restructuring liabilities.

In 1997, the Minerals Group reported net income of $4.2 million, compared to $10.7 million in 1996. Net sales during 1997 decreased $65.9 million (9%) compared to 1996. Operating profit totaled $4.2 million in 1997 as compared to $15.1 million in 1996. In 1997, the Minerals Group's operating profit and net income benefited from the aforementioned reversal of restructuring liabilities. In 1996, the Minerals Group's operating profit and net income included three significant items: a $35.7 million benefit from the settlement of the Evergreen lawsuit at an amount lower than previously accrued ($23.2 million after-tax); a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets ($19.5 million after-tax); and an $11.7 million benefit from the reversal of excess restructuring liabilities ($7.6 million after-tax).

PITTSTON COAL

Net sales for Pittston Coal totaled $503.3 million in 1998 as compared to $612.9 million in 1997. The decrease of $109.6 million was due to lower Coal Operations sales volume. Pittston Coal reported an operating profit of $3.2 million in 1998, which was $9.0 million lower than the $12.2 million reported in 1997. The decrease in operating profit was primarily due to a decrease in coal margin along with higher idle mine costs, partially offset by net gains on the sale of certain coal assets.

The following is a table of selected financial data for Coal Operations on a comparative basis:

(In thousands)	Years Ended December 31 1998	1997	1996
Coal margin	$34,970	45,482	35,367
Other operating income	13,740	5,214	7,798
Restructuring and other credits and charges	1,479	3,104	20,987
Margin and other income	50,189	53,800	64,152
Idle equipment and closed mines	7,078	2,309	1,044
Inactive employee cost	27,808	27,419	26,300
Selling, general and administrative	18,884	18,798	23,677
Total other costs and expenses	53,770	48,526	51,021
Total Coal Operations operating profit (loss)	$(3,581)	5,274	13,131
Coal sales (tons):			
Metallurgical	7,019	7,655	8,124
Steam	9,718	12,813	14,847
Total coal sales	16,737	20,468	22,971
Production/purchased (tons):			
Deep	5,332	4,975	3,930
Surface	6,689	10,238	11,151
Contract	831	1,433	1,621
	12,852	16,646	16,702
Purchased	3,536	4,075	5,762
Total	16,388	20,721	22,464
Coal margin per ton:			
Realization	$ 29.59	29.52	29.17
Current production costs	27.50	27.29	27.63
Coal margin	$ 2.09	2.23	1.54

Coal Operations sales decreased $108.8 million in 1998 from 1997. Sales volume in 1998 was 3.7 million tons less than the 20.5 million tons sold in 1997. Compared to 1997, steam coal sales in 1998 decreased by 3.1 million tons (24%), to 9.7 million tons and metallurgical coal sales declined by 0.6 million tons (8%), to 7.0 million tons. The steam sales reduction was due primarily to reduced production at the Elkay mine and the subsequent sale of certain Elkay assets discussed below. Steam coal sales represented 58% of total volume in 1998 and 63% in 1997.

For 1998, Coal Operations generated an operating loss of $3.6 million as compared to an operating profit of $5.3 million in 1997. The lower results were primarily due to a $10.5 million decrease in total coal margin, offset by a net gain on the sale of certain coal assets ($3.2 million, discussed below), and a gain on litigation settlement ($2.6 million.) In addition, idle and closed mine costs increased $4.8 million during the year.

Total coal margin decreased due to lower sales volume combined with a decrease in coal margin per ton. Coal margin per ton decreased to $2.09 per ton in 1998 from $2.23 per ton for 1997. This overall change during the year was due to a decrease in the metallurgical coal margins, amplified by a change in the sales and production mix created by the sale of certain Elkay assets. Metallurgical coal margins were negatively impacted in 1998 by lower realizations per ton primarily resulting from lower negotiated pricing with metallurgical customers. Despite the decreases in metallurgical coal realization per ton, overall realization per ton increased as a greater proportion of coal sales came from metallurgical coal which generally has a higher realization per ton than steam coal. Overall, current production cost per ton of coal sold increased primarily due to a correspondingly higher proportion of deep mine production which is generally more costly. Metallurgical sales in 1999 are expected to be lower than those of 1998, primarily as a result of the disadvantage caused by the relative strength of the US dollar versus currencies of other metallurgical coal producing countries, especially in Asia. In addition, this currency disadvantage is expected to negatively impact 1999 contract negotiations which typically occur every April.

Production in 1998 decreased 3.8 million tons over 1997 due to the aforementioned sale of certain Elkay assets, while purchased coal declined from 4.1 million tons in 1997 to 3.5 million tons during the year. Surface production accounted for 53% and 63% of total production in 1998 and 1997, respectively.

Idle and closed mine costs increased $4.8 million during the year. Of this increase, approximately $2.0 million relates to inventory write-downs resulting from the sale of certain coal assets discussed in detail below. This amount is included in the $3.2 million net gain discussed above. The remaining $2.8 million of the increase in idle and closed mine costs relates to the recording of additional reclamation reserves during 1998 which were needed for existing idle or closed facilities.

During 1998, Coal Operations continued its program of disposing of idle and under-performing assets in order to improve overall returns, generate cash and reduce its reclamation activities. In connection with this, Coal Operations disposed of certain assets and properties during the year that resulted in a net pre-tax gain of $3.2 million. The first sale occurred in the second quarter of 1998 and included a surface steam mine, coal supply contracts and limited coal reserves, of its Elkay mining operation in West Virginia. The referenced mine produced approximately one million tons of steam coal in 1998 prior to cessation of operations in April 1998. Total cash proceeds from the sale approximated $18 million, resulting in a pre-tax loss of approximately $2.2 million. This loss includes approximately $2.0 million of inventory write-downs (included in cost of sales) related to coal which can no longer be blended with other coals produced from these disposed assets. In addition, during the third quarter of 1998, Coal Operations sold two idle coal properties in West Virginia and a loading dock in Kentucky for a pre-tax gain totaling $5.4 million.

Inactive employee costs primarily represent long-term employee liabilities for pension and retiree medical costs. Coal Operations anticipates that costs related to certain of these long-term benefit obligations will significantly increase in 1999 due to reductions in the amortization of actuarial gains, a decrease in discount rates and higher premiums for the Coal Industry Retiree Health Benefit Act of 1992. In addition, worsening financial conditions at a metallurgical customer of Pittston Coal may result in additional provisions for bad debt expense in the first half of 1999.

Revenues and operating profit from the Allied Operations decreased $0.8 million and $0.2 million, respectively, to $8.0 million and $6.8 million in 1998.

Net sales for Pittston Coal totaled $612.9 million in 1997 as compared to $677.4 million in 1996. The decrease of $64.5 million is primarily due to a lower level of Coal Operations sales volume. Pittston Coal reported an operating profit of $12.2 million in 1997, which was $7.8 million lower than the $20.0 million reported in 1996. The decrease in operating profit was primarily due to the inclusion in 1996 of the previously mentioned three significant items. Excluding the effect of these amounts and the restructuring reversal in 1997, operating profit would have increased $6.6 million due primarily to increases in coal margin.

Coal Operations sales decreased $66.0 million in 1997 from 1996. Sales volume of 20.5 million tons in 1997 was 2.5 million tons less than the 23.0 million tons sold in 1996. Compared to 1996, steam coal sales in 1997 decreased by 2.0 million tons (14%), to 12.8 million tons and metallurgical coal sales declined by 0.5 million tons (6%), to 7.7 million tons. The steam sales reduction was due to the expiration of certain long-term contracts coupled with reduced spot sales. Steam coal sales represented 63% of total volume in 1997 and 65% in 1996.

For 1997, Coal Operations generated an operating profit of $5.3 million as compared to an operating profit of $13.1 million in 1996. Operating results for Coal Operations in 1997 included a $3.1 million benefit from the reversal of restructuring liabilities. Operating results for Coal Operations in 1996 included a benefit of $35.7 million from the settlement of the Evergreen case at an amount lower than previously accrued in 1993 and a benefit from excess restructuring liabilities of $11.7 million. These 1996 benefits were offset, in part, by a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets. The charge is included in cost of sales ($26.3 million) and selling, general and administrative expenses ($3.6 million). All three of these items are discussed in greater detail below. In addition, Coal Operations operating results in 1996 also included a one-time benefit of $3.0 million from a litigation settlement.

For 1997, coal margin, excluding the effects of the above items, was $45.5 million, an increase of $10.1 million over 1996. Coal margin per ton increased to $2.23 per ton in 1997 from $1.54 per ton for 1996, due to a combination of a $0.35 per ton increase in realization and a $0.34 per ton decrease in the current production cost of coal sold. The increase in average realization per ton was due to an increase in steam realization as the majority of steam coal production is sold under long-term contracts containing price escalation provisions. This increase was partially offset by a decrease in the metallurgical coal realization due to lower average price settlements with metallurgical customers.

The current production cost of coal sold for 1997 was $27.29 per ton as compared with $27.63 per ton for 1996. Production costs in 1997 were favorably impacted by lower surface mine costs per ton partially offset by higher per ton deep mine costs. In addition, 1997 production costs benefited from decreases in employee benefit and reclamation liabilities. Production for 1997 totaled 16.6 million tons, consistent with 1996 production of 16.7 million tons. Surface production accounted for 63% and 68% of the total volume in 1997 and 1996, respectively.

Revenues from the Allied Operations increased $1.5 million to $8.8 million during 1997 while operating profit remained unchanged at $6.9 million. The increase in revenues was due to changes in natural gas prices.

As earlier reported, Coal Operations had begun to develop a major underground metallurgical coal mine on company-owned reserves in Virginia. Due to the previously discussed uncertainty in the metallurgical export market, the development of this mine has been delayed.

A controversy related to a method of mining called "mountaintop removal" that begin in mid-1998 in West Virginia involving an unrelated party has resulted in a suspension in the issuance of several mining permits. Due to the broadness of the suspension, there has been a delay in Vandalia Resources, Inc., a wholly-owned subsidiary of Pittston Coal, being issued in a timely fashion a mine permit necessary for its uninterrupted mining. Vandalia Resources is actively pursuing the issuance of the permit, but the time frame of when, or if, the permit will be issued is currently unknown. In light of the inability to determine when, and if a permit will be issued, the effect of the delay in obtaining this permit cannot be predicted. During the year ended December 31, 1998, mining operations which are pursuing this permit produced approximately 2.7 million tons of coal resulting in revenues of approximately $81.8 million.

At December 31, 1998, Pittston Coal had a liability of $25.2 million for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Pittston Coal will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted, at December 31, 1998, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions, Pittston Coal reversed $11.7 million of the reserve in 1996. As a result of favorable workers' compensation claim developments, Pittston Coal reversed $1.5 million and $3.1 million in 1998 and 1997, respectively. The 1996 reversal included $4.8 million related to estimated mine and plant closures, primarily reclamation, and $6.9 million in employee severance and other benefit costs.

The following table analyzes the changes in liabilities during the last three years for restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1995	$1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (a)	842	5,499	3,921	10,262
Other reductions (b)	--	6,267	--	6,267
Balance December 31, 1996	376	12,439	25,285	38,100
Reversals	--	--	3,104	3,104
Payments (c)	376	1,764	2,010	4,150
Other	--	468	(468)	--
Balance December 31, 1997	--	11,143	19,703	30,846
Reversals	--	--	1,479	1,479
Payments (d)	--	1,238	1,917	3,155
Other reductions (b)	--	999	--	999
Balance December 31, 1998	$ --	8,906	16,307	25,213

(a) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993 and $4,658 was for liabilities recorded in 1994.

(b) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.

(c) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.

(d) Of the total payments made in 1998, $2,491 was for liabilities recorded in years prior to 1993, $10 was for liabilities recorded in 1993 and $654 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $3.0 million to $5.0 million. The liability for mine and plant closure costs is expected to be satisfied over the next eight years, of which approximately 34% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to eight years.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which "signatory operators" and "related persons", including the Company and certain of its subsidiaries (collectively, the "Pittston Companies"), are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share for certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1998, 1997 and 1996, these amounts, on a pretax basis, were approximately $9.6 million, $9.3 million and $10.4 million, respectively. The Company currently estimates that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10 million per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

As a result of legal developments in 1998 involving the Health Benefit Act, the Company experienced an increase in its assessments under the Health Benefit Act for the twelve month period beginning October 1, 1998, approximately $1.7 million, $1.1 million of which relates to retroactive assessments for years prior to 1998. This increase consists of charges for death benefits which are provided for by the Health Benefit Act, but which previously have been covered by other funding sources. As with all the Company's Health Benefit Act assessments, this amount is to be paid in 12 equal monthly installments over the plan year beginning October 1, 1998. The Company is unable to determine at this time whether any other additional amounts will apply in future plan years.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' beneficiaries remaining at December 31, 1998 at approximately $216 million, which when discounted at 7.0% provides a present value estimate of approximately $99 million. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and the annual cost is recognized on a pay-as-you-go basis.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain post-retirement health benefits for thousands of retired union mine workers and their dependents. Substantially all of the Minerals Group's accumulated post-retirement benefit obligation as of December

31, 1998 for retirees of $280.6 million relates to such retired workers and their beneficiaries.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health

Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined.

In 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Minerals Group recognized in their financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case.

In late March 1996, a settlement was reached in the Evergreen Case. Under the terms of the settlement the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25.8 million upon dismissal of the Evergreen Case and the remainder of $24.0 million in installments of $7.0 million in 1996 and $8.5 million in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second, third and fourth (last) payments of $7.0 million and $8.5 million were paid according to schedule and were funded by cash flows from operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan. As a result of the settlement of the Evergreen Case at an amount lower than those previously accrued, the Minerals Group recorded a benefit of approximately $35.7 million ($23.2 million after-tax) in the first quarter of 1996 in its financial statements.

In 1996, the Minerals Group adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 requires companies to review assets for impairment whenever circumstances indicate that the carrying amount for an asset may not be recoverable. SFAS No. 121 resulted in a pre-tax charge to 1996 earnings for Pittston Coal of $29.9 million ($19.5 million after-tax), of which $26.3 million was included in cost of sales and $3.6 million was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advanced royalties and goodwill.

These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment. No material charges were incurred in 1997 or 1998.

The coal operating companies included within Pittston Coal are generally liable under federal laws requiring payment of benefits to coal miners with pneumoconiosis ("black lung"). The Black Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977 (the "1977 Act"), as amended by the Black Lung Benefits and Revenue Amendments Act of 1981 (the "1981 Act"), expanded the benefits for black lung disease and levied a tax on coal production of $1.10 per ton for deep-mined coal and $0.55 per ton for surface-mined coal, but not to exceed 4.4% of the sales price. In addition, the 1981 Act provides that certain claims for which coal operators had previously been responsible will be obligations of the government trust funded by the tax. The 1981 Act also tightened standards set by the 1977 Act for establishing and maintaining eligibility for benefits. The Revenue Act of 1987 extended the termination date of the tax from January 1, 1996 to the earlier of January 1, 2014 or the date on which the government trust becomes solvent. The Company cannot predict whether any future legislation effecting changes in the tax will be enacted. A number of the subsidiaries of the Company filed a civil action in the United States District Court for the Eastern District of Virginia asking the Court to find that the assessment of the black lung tax on coal the Company subsidiaries sold to foreign customers for the first quarter of 1997 was unconstitutional. On December 28, 1998, the District Court found the black lung tax, as assessed against foreign coal sales, to be unconstitutional and entered judgment for the Company's subsidiaries in an amount in excess of $0.7 million. The Company will seek a refund of the black lung tax it paid on any of its foreign coal sales for periods as far back as applicable statute limitations will permit. The ultimate amounts and timing of such refunds, if any, cannot be determined at the present time.

MINERAL VENTURES

The following is a table of selected financial data for Mineral Ventures on a comparative basis:

	Years Ended December 31		
	1998	1997	1996
Stawell Gold Mine:			
Mineral Ventures' 50% direct share:			
Ounces sold	46,281	42,024	45,957
Ounces produced	46,749	42,301	45,443
Average per ounce sold (US$):			
Realization (a)	$ 330	422	415

Cash cost	212	302	287

(a) 1997 includes proceeds from the liquidation of a gold forward sale hedge position in July 1997. The proceeds from this liquidation were fully recognized by December 31, 1997.

Mineral Ventures primarily consists of a 50% direct interest in the Stawell gold mine ("Stawell") in Western Victoria, Australia. The remaining 50% interest in Stawell is owned by Mining

Project Investors ("MPI"). In addition, Mineral Ventures has a 51.5% ownership interest in its joint venture partner MPI. Mineral Ventures increased its ownership in MPI during 1998 from 34.1% to 51.5% (45% on a fully diluted basis) as a result of a sale by MPI of its 50% interest in the Black Swan Nickel Joint Venture (including the Silver Swan Mine). The sale of the venture was to one of its shareholders, Outokumpu, for a combination of cash and Outokumpu's share holding in MPI. Mineral Ventures share of MPI's gain on this transaction was $1.3 million.

Mineral Ventures generated net sales during 1998 of $15.3 million, a 13% decrease from the $17.7 million reported in 1997. The operating loss of $1.0 million in 1998 represents an improvement from the $2.1 million operating loss of 1997.

The decrease in net sales during 1998 was due to a decrease in gold realization per ounce of $92 (22%) which was caused by declining gold prices in the market. This trend was partially offset by higher levels of gold ounces sold which increased from 42.0 thousand ounces to 46.3 thousand ounces in 1998. Operating profit during the same period was negatively impacted by lower sales level, but benefited from reduced production costs. The cash cost per ounce of gold sold decreased from $302 to $212. In addition, production costs were lower in 1998 due to a weaker Australian dollar, while costs in 1997 were negatively impacted by unfavorable ground conditions and by the collapse of a new ventilation shaft. In addition, operating results in 1998 benefited from the aforementioned gain on the sale of certain nickel operations.

Net sales during 1997 were $17.7 million, a decrease of $1.4 million (7%) from the $19.1 million reported in 1996. The operating loss of $2.1 million in 1997 represents a $3.7 million decrease from the $1.6 million operating profit earned in 1996.

The decrease in net sales during 1997 was due to lower gold sales as the ounces of gold sold decreased 9% from 46.0 thousand ounces to 42.0 thousand ounces. This was partially offset by improvements in gold prices which increased $7 per ounce to $422 in 1997 from $415 in 1996. The reduction in operating profit during 1997 was due to lower sales levels combined with increases in production and other operating costs. The cash cost of gold sold increased $15 per ounce to $302 in 1997. As mentioned above, production costs in 1997 were higher due to unfavorable ground conditions and costs associated with the ventilation shaft collapse, while other operating costs were higher due to increased gold exploration costs.

In July 1997, in reaction to the continued decline in the market price of gold, Mineral Ventures closed a gold forward sale hedge position relating to 16,397 ounces and realized proceeds of $2.6 million. These proceeds, which equate to approximately $160 per ounce were recognized for accounting purposes as ounces of gold were sold in the market. The full amount of these proceeds was recognized by December 31, 1997.

FOREIGN OPERATIONS

A portion of Mineral Ventures' financial results is derived from activities in Australia, which has a local currency other than the US dollar. Because the financial results of Mineral Ventures are reported in US dollars, they are affected by changes in the value of the foreign currency in relation to the US dollar. Rate fluctuations may adversely affect transactions which are denominated in the Australian dollar. Mineral Ventures routinely enters into such transactions in the normal course of its business. Mineral Ventures, from time to time, uses foreign currency forward contracts to hedge a portion of the currency risks associated with these transactions. (See "Market Risk Exposures" below.)

The Minerals Group is also subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions.

CORPORATE EXPENSES

A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Minerals Group based upon utilization and other methods and criteria which management believes to provide an equitable and a reasonable estimate of the costs attributable to the Minerals Group. These attributions were $8.3 million, $6.0 million and $6.6 million in 1998, 1997 and 1996, respectively.

Corporate expenses in 1998 include additional expenses of approximately $5.8 million related to a retirement agreement between the Company and its former Chairman and CEO. Approximately $1.8 million of this $5.8 million of expenses have been attributed to the Minerals Group. Corporate expenses in the 1998 year-to-date period also include costs associated with a severance agreement with a former member of the Company's senior management.

The higher 1996 corporate expenses were primarily due to the relocation of the Company's corporate headquarters to Richmond, Virginia, during September 1996 which amounted to $2.9 million. Approximately $0.9 million of these costs were attributed to the Minerals Group.

OTHER OPERATING INCOME, NET

Other net operating income increased $9.6 million and decreased $3.7 million, in 1998 and 1997, respectively. Other operating income for the Minerals Group principally includes royalty income and gains and losses from sales of coal assets. The increase in 1998 versus 1997 is due to higher gains on sales of assets in 1998 and the inclusion of a $2.6 million gain on a litigation settlement. The decrease in 1997 over 1996 is due to a gain of $3.0 million on a litigation settlement in 1996.

INTEREST EXPENSE, NET

Net interest expense in 1998 decreased $1.4 million to $8.2 million from $9.6 million in 1997 and decreased $0.3 million in 1997 from $9.9 million in 1996. The decrease in net interest expense in 1998 is due to lower interest rates on higher average borrowings, while the lower level of interest in 1997 as compared to 1996 is due to a decrease in average borrowings during 1997.

INCOME TAXES

In 1998, 1997 and 1996, a credit for income taxes was recorded due to the tax benefits of percentage depletion which can be used by the Company. Also a factor in the credit for income taxes recorded in 1998 and 1997 was the generation of a pretax loss.

FINANCIAL CONDITION

A portion of the Company's corporate assets and liabilities has been attributed to the Minerals Group based upon utilization of the shared services from which assets and liabilities are generated. Management believes this attribution to provide an equitable and reasonable estimate of the assets and liabilities attributable to the Minerals Group.

Corporate assets which were attributed to the Minerals Group consisted primarily of pension assets and deferred income taxes and amounted to $94.3 million and $84.2 million at December 31, 1998 and 1997, respectively.

CASH FLOW REQUIREMENTS

Cash used in operating activities was $35.0 million in 1998 as compared to a cash generation of $49.6 million in 1997. The significant decrease is due to the lower level of net income and non-cash charges, combined with higher funding requirements for working capital, primarily accounts payable. Fluctuations in accounts receivable and debt are primarily due to a change in the accounting treatment of receivable financings discussed below.

CAPITAL EXPENDITURES

Cash capital expenditures for 1998 and 1997 totaled $24.2 million and $26.4 million, respectively. In 1998, Pittston Coal and Mineral Ventures spent $20.6 million and $3.4 million, respectively. The majority of expenditures by Pittston Coal were for replacement and maintenance of current ongoing mining operations. The majority of Mineral Ventures expenditures related to project development. In 1999, cash capital expenditures are expected to approximate $38 million.

The foregoing amounts exclude expenditures that have been or are expected to be financed through capital and operating leases and any acquisition expenditures.

FINANCING

The Minerals Group intends to fund capital expenditures through cash flow from operating activities or through operating leases if the latter are financially attractive. Shortfalls, if any, will be financed through the Company's revolving credit agreements, other borrowings arrangements or borrowings from the Brink's Group (as described under "Related Party Transactions").

Total debt outstanding at December 31, 1998 was $162.0 million, an increase of $45.3 million from the $116.7 million outstanding at December 31, 1997. As a result of changes in certain recourse provisions during 1998, as of December 31, 1998, certain receivable financing transactions were accounted for as secured financing, resulting in the uncollected receivables balances remaining on the balance sheet with a corresponding short-term obligation of $29.7 million recognized. During 1997, these transactions were accounted for as sales of receivables, resulting in the removal of the receivables from the balance sheet. The remaining increase in debt was due to additional cash flow requirements.

The Company has a $350.0 million credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. The maturity date of both the term loan and the revolving credit portion of the Facility is May 31, 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31, 1998 and 1997, borrowings of $100.0 million were outstanding under the term loan portion of the Facility and $91.6 million and $25.9 million, respectively, of additional borrowings were outstanding under the remainder of the Facility. Of the total outstanding amount under the Facility at December 31, 1998, and 1997 $130.7 million and $115.0 million was attributed to the Minerals Group, respectively.

Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398 million at December 31, 1998.

RELATED PARTY TRANSACTIONS

At December 31, 1998, under interest bearing borrowing arrangements, the Minerals Group owed the Brink's Group $20.3 million, a decrease of $6.7 million from the $27.0 million owed at December 31, 1997.

At year-end 1998 and 1997, the Brink's Group owed the Minerals Group $12.9 million and $19.4 million, respectively, for tax

benefits. Approximately $10.0 million of the amounts owed at December 31, 1998 is expected to be paid within one year. Also at December 31, 1998 and 1997, the BAX Group owed the Minerals Group $20.4 million and $18.2 million, respectively, for tax benefits, of which $7.0 million of the amounts owed at December 31, 1998 is expected to be paid in one year.

MARKET RISK EXPOSURES

Mineral Ventures has activities in Australia, which has a local currency other than the US dollar. These activities subject Mineral Ventures to certain market risks, including the effects of changes in foreign currency exchange rates and commodity prices. These financial exposures are monitored and managed by Mineral Ventures as an integral part of its overall risk management program, which seeks to reduce the potentially adverse effects that the volatility of these markets may have on its operating results.

Pittston Coal and Mineral Ventures enter into various derivative hedging instruments, as discussed below, to hedge their foreign currency, interest rate, and commodity exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. Management of the Minerals Group does not expect any losses due to such counterparty default.

Management of the Minerals Group assesses interest rate, foreign currency, and commodity cash flow risks by continually identifying and monitoring changes in interest rate, foreign currency and commodity exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Minerals Group maintains risk management control systems to monitor these risks attributable to both Pittston Coal's and Mineral Ventures' outstanding and forecasted transactions, as well as, offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates, foreign currency rates and commodity prices on Pittston Coal's and Mineral Ventures' future cash flows. Pittston Coal and Mineral Ventures do not use derivative instruments for purposes other than hedging.

The sensitivity analyses discussed below for the market risk exposures were based on several assumptions. The disclosures with respect to foreign exchange, interest rate and commodity risks do not take into account forecasted foreign exchange, interest rate or commodity transactions. Actual results will be determined by a number of factors that are not under management's control and could vary significantly from those disclosed.

Interest Rate Risk

Pittston Coal primarily uses variable-rate debt denominated in US dollars to finance its operations. These debt obligations expose Pittston Coal to variability in interest expense due to changes in the general level of interest rates in the United States. In order to limit the variability of the interest expense on its debt denominated in US currency, Pittston Coal, converts its variable-rate cash flows on a portion of its $100 million term-loan, which is part of the Facility (see Note 9), to fixed-rate cash flows by entering into interest rate swaps which involve the exchange of floating interest payments for fixed interest payments. The interest rate swaps are subject to fluctuations in their fair values as a result of changes in interest rates.

Based on the overall interest rate level of US dollar variable rate debt outstanding at December 31, 1998, a hypothetical 10% change (as a percentage of interest rates on outstanding debt) in Pittston Coal's effective interest rate from year-end 1998 levels would change interest expense by approximately $0.6 million. Debt designated as hedged by the interest rate swaps have been excluded from this amount. The effect on the fair value of the fixed interest rate swaps for a hypothetical 10% uniform shift (as a percentage of market interest rates) in the yield curves for US interest rates from year-end 1998 levels would be immaterial.

Foreign Currency Risk

Mineral Ventures enters into foreign currency forward contracts to minimize the variability in cash flows due to foreign currency risks related to foreign operations. These items are denominated in various foreign currencies, including the Australian dollar. The contracts are entered into in accordance with guidelines set forth in the Minerals Group's hedging policies.

Mineral Ventures has operations which are exposed to currency risk arising from gold sales denominated in US dollars while its local operating costs are denominated in Australian dollars. Mineral Ventures utilizes foreign currency forward contracts to hedge the variability in cash flows resulting from these exposures for up to two years into the future.

In addition, Mineral Ventures has a net investment in its Australian subsidiary which is translated at exchange rates at the balance sheet date. Resulting cumulative translation adjustments are recorded as a separate component of shareholders' equity and exposes Mineral Ventures to adjustments resulting from foreign exchange rate volatility.

The effects of a hypothetical simultaneous 10% appreciation in the US dollar from year end 1998 levels against the Australian dollar were measured for their potential impact on 1) translation of earnings into US dollars based on 1998 results, 2) transactional exposures, and 3) translation of balance sheet equity accounts. The hypothetical effects would be immaterial for the translation of earnings into US dollars, approximately $1.1 million unfavorable earnings effect for transactional exposures (principally hedge contracts outstanding, not considering the effects of any underlying forecasted transactions), and approximately $1.3 million unfavorable for the translation of balance sheet equity accounts.

Commodities Risk

Pittston Coal consumes and Mineral Ventures sells various commodities in the normal course of their businesses and utilize derivative instruments to minimize the variability in forecasted cash flows due to adverse price movements in these commodities. The contracts are entered into in accordance with guidelines set forth in the Minerals Group's hedging policies.

Mineral Ventures utilizes a combination of forward gold sales contracts and currency contracts to fix in Australian dollars the selling price on a certain portion of its forecasted gold sales from the Stawell gold mine. At December 31, 1998, 41,000 ounces of gold, representing approximately 20% of Mineral Venture's share of Stawell's proven and probable reserves, were sold forward under forward gold contracts. Mineral Ventures also sells call options on gold periodically and receives a premium which enhances the selling price of unhedged gold sales, the fair value of which is recognized immediately in earnings as the contracts do not qualify for special hedge accounting under SFAS No. 133.

Pittston Coal enters into forward swap contracts for the purchase of diesel fuel to fix a certain portion of Pittston Coal's forecasted diesel fuel costs at specific price levels and it utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of diesel fuel.

The following table represents Pittston Coal's and Mineral Ventures' outstanding commodity hedge contracts as of December 31, 1998:

(In thousands, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value
Forward gold sale contracts (a)	41	$ 292	$ 18
Forward swap contracts			
Diesel fuel purchases (fixed pay) (b)	1,600	0.4180	(137)
Commodity options:			
Diesel Fuel - purchased call contracts (fixed pay) (b)	1,600	0.4180	7

(a) Ounces of gold.
(b) Gallons of fuel.

READINESS FOR YEAR 2000: SUMMARY

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. If not corrected, many date-sensitive applications could fail or create erroneous results by or in the year 2000. The Minerals Group understands the importance of having systems and equipment operational through the year 2000 and beyond and is committed to addressing these challenges while continuing to fulfill its business obligations to its customers and business partners. Both Pittston Coal and Mineral Ventures have established Year 2000 Project Teams intended to make their information technology assets, including embedded microprocessors ("IT assets"), non-IT assets, products, services and infrastructure Year 2000 ready.

READINESS FOR YEAR 2000: STATE OF READINESS

The Minerals Group Year 2000 Project Team has divided its Year 2000 readiness program into four phases: (i) assessment, (ii) remediation/replacement, (iii) testing, (iv) integration. At December 31, 1998, the majority of the Group's core IT assets are either already Year 2000 ready or in the testing or integration phases. Those assets that are not yet Year 2000 ready are scheduled to be remediated or replaced by the second quarter of 1999, with testing and integration to begin concurrently. The Minerals Group plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000. As of December 31, 1998, approximately 80% of hardware systems and embedded systems have been tested and verified as Year 2000 ready.

As part of its Year 2000 project, Pittston Coal and Mineral Ventures have sent comprehensive questionnaires to significant suppliers (particularly suppliers of energy and transportation services), customers and others with which they do business, regarding their Year 2000 readiness and is attempting to identify significant problem areas with respect to these business partners. As of December 31, 1998, based on questionnaire responses to date, no potential problems have been identified that would adversely affect Minerals Group operations. The Minerals Group is relying on such third parties representations regarding their own readiness for Year 2000. The extent to which any of these potential problems may have a material adverse impact on the Minerals Group's operations is being assessed and will continue to be assessed throughout 1999.

Further, the Minerals Group relies upon government agencies, utility companies, rail carriers, telecommunication service companies and other service providers outside of the Minerals Group's control. As with most companies, the companies of the Minerals Group are vulnerable to significant suppliers' inability to remedy their own Year 2000 issues. As the Minerals Group cannot control the conduct of its customers, suppliers and other third parties, there can be no guarantee that Year 2000 problems originating with a supplier or another third party will not occur.

READINESS FOR YEAR 2000: COSTS TO ADDRESS

The Minerals Group anticipates incurring remediation and acceleration costs for its Year 2000 readiness programs. Remediation includes the identification, assessment, remediation and testing phases of the Year 2000 readiness program. Remediation costs include both the costs of modifying existing software and hardware as well as purchases that replace existing hardware and software that is not Year 2000 ready. Acceleration includes costs to purchase and/or develop and implement certain information technology systems whose implementation have been accelerated as a result of the Year 2000 readiness issue.

Total anticipated remediation and acceleration costs are detailed in the table below:

	Acceleration		
(Dollars in millions)	Capitalized	Expensed	Total
Total anticipated Year 2000 costs	$ 1.4	0.2	1.6
Incurred through December 31, 1998	0.9	0.2	1.1
Remainder	$ 0.5	--	0.5

	Remediation		
	Capitalized	Expensed	Total
Total anticipated Year 2000 costs	$ --	0.3	0.3
Incurred through December 31, 1998	--	--	--
Remainder	$ --	0.3	0.3

	Total		
	Capitalized	Expensed	Total
Total anticipated Year 2000 costs	$ 1.4	0.5	1.9
Incurred through December 31, 1998	0.9	0.2	1.1
Remainder	$ 0.5	0.3	0.8

READINESS FOR YEAR 2000: THE RISKS OF THE YEAR 2000 ISSUE

The Minerals Group believes that its internal information technology systems will be renovated successfully prior to year 2000. All mission critical systems have been identified that would cause the greatest disruption to the organization. The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures should have no material or significant adverse effect on the results of operations, liquidity or financial condition of the Minerals Group.

The Minerals Group believes it has identified its likely worst case scenario. The Minerals Group's likely worst case scenario, assuming no external failures such as power outages or delays in railroad transportation services, could be delays in invoicing customers and payment of vendors. This likely worst case scenario, should it occur, is not expected to result in a material impact on the Minerals Group's financial statements. The Minerals Group production of coal and gold is not heavily dependent on computer technology and would continue with limited impact.

READINESS FOR YEAR 2000: CONTINGENCY PLAN

The Minerals Group has not yet developed a contingency plan for dealing with the most likely worst case scenario. The Minerals Group is expected to develop a contingency plan. The foundation for the Minerals Group's Year 2000 Program is to ensure that all mission critical systems are renovated/replaced and tested at least three months prior to when a Year 2000 failure might occur if the program were not undertaken. As of December 31, 1998, all mission critical systems, with the exception of human resources-related systems, have been tested and verified as Year 2000 ready. These human resources-related systems are not Year 2000 ready and are scheduled to be replaced by mid-1999. Year 2000 is the number one priority within the Minerals Group's IT organization with full support of the Group's executive management. In addition, as a normal course of business, the Minerals Group maintains and deploys contingency plans designed to address various other potential business interruptions. These plans may be applicable to address the interruption of support provided by third parties resulting from their failure to be Year 2000 ready.

READINESS FOR YEAR 2000: FORWARD LOOKING INFORMATION

This discussion of the Minerals Group's readiness for Year 2000, including statements regarding anticipated completion dates for various phases of the Minerals Group's Year 2000 project, estimated costs for Year 2000 readiness, the determination of likely worst case scenarios, actions to be taken in the event of such worst case scenarios and the impact on the Minerals Group of any delays or problems in the implementation of Year 2000 initiatives by the Minerals Group and/or any public or private sector suppliers and service providers and customers involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Minerals Group, include, but are not limited to, government regulations and/or legislative initiatives, variation in costs or expenses relating to the implementation of Year 2000 initiatives, changes in the scope of improvements to Year 2000 initiatives and delays or problems in the implementation of Year 2000 initiatives by the Minerals Group and/or any public or private sector suppliers and service providers and customers.

CONTINGENT LIABILITIES

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.6 million and $11.2 million and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgment. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law, and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Minerals Group's results of operations or financial position.

CAPITALIZATION

The Company has three classes of common stock: Minerals Stock; Pittston Brink's Group Common Stock ("Brink's Stock") and Pittston BAX Group Common Stock ("BAX Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Minerals Group, Brink's Group and BAX Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Minerals Group consists of the Pittston Coal and Mineral Ventures operations of the Company. The Brink's Group consists of the Brink's, Incorporated ("Brink's") and the Brink's Home Security, Inc. ("BHS") operations of the Company. The BAX Group consists of the BAX Global Inc. ("BAX Global") operations of the Company. The Company prepares separate financial statements for the Minerals, Brink's, and BAX Groups in addition to consolidated financial information of the Company.

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80.5 million (161,000 shares) of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), convertible into Minerals Stock. The Convertible Preferred Stock, which is attributable to the Minerals Group, pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board and bears a liquidation preference of $500 per share, plus an attributed amount equal to accrued and unpaid dividends thereon.

Under the share repurchase programs authorized by the Board of Directors of the Company (the "Board"), the Company purchased shares in the periods presented as follows:

	Years Ended December 31	
(Dollars in millions, shares in thousands)	1998	1997
Convertible Preferred Stock:		
Shares	0.4	1.5
Cost	$ 0.1	0.6
Excess carrying amount(a)	$ 0.0	0.1

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years which is deducted from preferred dividends in the Company's Statement of Operations.

The Company had remaining authority to repurchase an additional $24.2 million of

The Convertible Preferred Stock at December 31, 1998. As of December 31, 1998, the Company had remaining authority to purchase over time 1.0 million shares of Pittston Minerals Group Common Stock. The aggregate purchase price for all common stock was $24.7 million at December 31, 1998. The authority to repurchase shares remains in effect in 1999.

DIVIDENDS

The Board intends to declare and pay dividends, if any, on Minerals Stock based on the earnings, financial condition, cash flow and business requirements of the Minerals Group. Since the Company remains subject to Virginia law limitations on dividends, losses incurred by the Brink's and BAX Groups could affect the Company's ability to pay dividends in respect of stock relating to the Minerals Group. Dividends on Minerals Stock are also limited by the Available Minerals Dividend Amount as defined in the Company's Articles of Incorporation. The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31, 1998, 1997 and 1996, the Available Minerals Dividend Amount was at least $8.1 million, $15.2 million and $22.1 million, respectively.

Since its distribution of Minerals Stock in 1993,and through March 31, 1998, the Company had paid a cash dividend to its Minerals Stock shareholders at an annual rate of $0.65 per share, despite a mixed record of earnings and cash flows for the Minerals Group. In May 1998, the Company reduced the annual dividend rate on Minerals Stock to $0.10 per year per share for shareholders as of the May 15, 1998 record date.

The Company continues its focus on the financial and capital needs of the Minerals Group companies and, as always, is considering all strategic uses of available cash, including dividend payments, with a view towards maximizing long-term shareholder value.

In 1998 and 1997, dividends paid on the cumulative convertible preferred stock were $3.5 million and $3.6 million, respectively.

ACCOUNTING CHANGES

The Minerals Group adopted SFAS No. 130, "Reporting Comprehensive Income," in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the Minerals Group implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. The adoption had no material impact on the Minerals Group.

The Minerals Group implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 18.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the Company has elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. In accordance with the transition provisions of SFAS No. 133, the Company recorded a net transition adjustment resulting in a loss of $3.9 million (net of related income tax of $2.1 million) in accumulated other comprehensive income at October 1, 1998 in order to recognize at fair value all derivatives that are designated as cash-flow hedging instruments.

PENDING ACCOUNTING CHANGES

In April 1998, the AICPA issued SOP No. 98-5, "Reporting on the Costs of Start-Up Activities." SOP No. 98-5, which provides guidance on the reporting of start-up costs and organization costs, requires that such costs be expensed as incurred. This SOP is effective for the Minerals Group for the year beginning January 1, 1999. Initial application of the SOP is required to be reported as a cumulative effect of a change in accounting principle as of the beginning of the year of adoption. Due to the complexity of the mining industry, the Minerals Group is still in the process of determining how this SOP will impact its results of operations for the period ending March 31, 1999. Current indications are that the implementation of the SOP could negatively impact results of operations up to $6 million.

SUBSEQUENT EVENT

Effective March 15, 1999, under the Company's preferred share purchase program, the Company purchased 0.08 million shares of the Convertible Preferred Stock for $250 per share for a total cost approximating $21 million. The excess of the carrying amount over the cash paid for the repurchase was approximately $19 million. In addition, on March 12, 1999, the Board authorized an increase in the remaining authority to repurchase Convertible Preferred Stock by $4.3 million.

As previously discussed, the Available Minerals Dividend Amount is impacted by activity that affects shareholder's equity or the fair value of net assets of the Minerals Group. The purchase amount noted above reduces the Available Minerals Dividend Amount as currently calculated. Accordingly, the purchase of the Convertible Preferred Stock plus recent financial performance of the Minerals Group's is expected to significantly reduce or eliminate the ability to pay dividends on the Minerals Group Common Stock.

FORWARD LOOKING INFORMATION

Certain of the matters discussed herein, including statements regarding projected capital spending, Health Benefit Act expenses, costs of long-term benefit obligations, readiness for Year 2000, repayment of borrowings to the Minerals Group, projections about market risk, environmental clean-up estimates, possible increases in provisions for bad debt expense, the impact of SOP 98-5 on results of operations, metallurgical market conditions and coal sales involve forward looking information which is subject to known and unknown risks, uncertainties and contingencies which could cause actual results, performance and achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Minerals Group and the Company, include, but are not limited to, overall economic and business conditions, the demand for the Minerals Group's products, geological conditions, pricing, and other competitive factors in the industry, new government regulations and/or legislative initiatives, variations in the spot prices of coal, the ability of counterparties to perform, changes in the scope of Year 2000 initiatives and delays or problems in the implementation of Year 2000 initiatives by the Minerals Group and/or any public or private sector suppliers, service providers and customers.

Pittston Minerals Group

STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The Pittston Company (the "Company") is responsible for preparing the accompanying Pittston Minerals Group (the "Mineral's Group") financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles. Management has also prepared the other information in the annual report and is responsible for its accuracy.

In meeting our responsibility for the integrity of the financial statements, we maintain a system of internal controls designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorization and that the accounting records provide a reliable basis for the preparation of the financial statements. Qualified personnel throughout the organization maintain and monitor these internal controls on an ongoing basis. In addition, the Company maintains an internal audit department that systematically reviews and reports on the adequacy and effectiveness of the controls, with management follow-up as appropriate.

Management has also established a formal Business Code of Ethics which is distributed throughout the Company. We acknowledge our responsibility to establish and preserve an environment in which all employees properly understand the fundamental importance of high ethical standards in the conduct of our business.

The accompanying financial statements have been audited by KPMG LLP, independent auditors. During the audit they review and make appropriate tests of accounting records and internal controls to the extent they consider necessary to express an opinion on the Minerals Group's financial statements.

The Company's Board of Directors pursues its oversight role with respect to the Minerals Group's financial statements through the Audit and Ethics Committee, which is composed solely of outside directors. The Committee meets periodically with the independent auditors, internal auditors and management to review the Company's control system and to ensure compliance with applicable laws and the Company's Business Code of Ethics.

We believe that the policies and procedures described above are appropriate and effective and do enable us to meet our responsibility for the integrity of the Minerals Group's financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying balance sheets of Pittston Minerals Group (as described in Note 1) as of December 31, 1998 and 1997, and the related statements of operations, shareholder's equity and cash flows for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of The Pittston Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements of Pittston Minerals Group present fairly, in all material respects, the financial position of Pittston Minerals Group as of December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

As more fully discussed in Note 1, the financial statements of Pittston Minerals Group should be read in connection with the audited consolidated financial statements of The Pittston Company and subsidiaries.

As more fully discussed in Note 1 to the financial statements, Pittston Minerals Group changed its method of accounting for derivative instruments and hedging activities in 1998 and impairment of long-lived assets in 1996.

KPMG LLP

KPMG LLP
Richmond, Virginia

January 27, 1999, except as to Note 23, which is as of March 15, 1999

BALANCE SHEETS

(In thousands)	December 31 1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 942	3,394
Accounts receivable:		
Trade (Note 5)	78,961	53,430
Other	13,625	12,384
	92,586	65,814
Less estimated uncollectible amounts	2,275	2,215
	90,311	63,599
Coal inventory	24,567	31,644
Other inventory	4,177	3,702
	28,744	35,346
Prepaid expenses and other current assets	6,574	5,045
Deferred income taxes (Note 8)	19,863	25,136
Total current assets	146,434	132,520
Property, plant and equipment, at cost (Notes 1 and 4)	313,244	336,724
Less accumulated depreciation, depletion and amortization	159,459	164,386
	153,785	172,338
Deferred pension assets (Note 15)	86,897	83,825
Deferred income taxes (Note 8)	58,210	54,778
Intangibles, net of accumulated amortization (Notes 1 and 6)	104,925	108,094
Coal supply contracts	21,965	41,703
Receivable--Pittston Brink's Group/BAX Group (Note 2)	16,298	13,630
Other assets	52,950	47,294
Total assets	$641,464	654,182
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term borrowings (Notes 5 and 9)	$29,734	--
Current maturities of long-term debt (Note 9)	482	547
Accounts payable	33,987	50,585
Payable--Pittston Brink's Group/BAX Group, net (Note 2)	3,321	3,038
Accrued liabilities:		
Taxes	14,196	16,477
Workers' compensation and other claims	12,338	13,829
Postretirement benefits other than pensions (Note 15)	19,131	19,265
Reclamation	17,103	15,588
Miscellaneous (Note 15)	24,969	41,935
	87,737	107,094
Total current liabilities	155,261	161,264
Long-term debt, less current maturities (Note 9)	131,772	116,114
Postretirement benefits other than pensions (Note 15)	231,242	223,836
Workers' compensation and other claims	79,717	92,857
Reclamation	33,147	47,546
Other liabilities	35,977	31,137
Commitments and contingent liabilities (Notes 9, 13, 14, 15, 19 and 20)		
Shareholder's equity (Notes 3, 11 and 12)	(25,652)	(18,572)
Total liabilities and shareholder's equity	$641,464	654,182

See accompanying notes to financial statements.

Pittston Minerals Group

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1998	1997	1996
Net sales	$ 518,635	630,626	696,513
Costs and expenses:			
Cost of sales	513,794	609,025	707,497
Selling, general and administrative expenses	31,740	30,228	34,631
Restructuring and other credits, including litigation accrual (Notes 16 and 19)	(1,479)	(3,104)	(47,299)
Total costs and expenses	544,055	636,149	694,829
Other operating income, net (Note 17)	19,280	9,682	13,414
Operating profit (loss)	(6,140)	4,159	15,098
Interest income (Note 2)	1,411	1,330	835
Interest expense (Note 2)	(9,638)	(10,946)	(10,723)
Other income (expense), net	412	(898)	(1,789)
Income (loss) before income taxes	(13,955)	(6,355)	3,421
Credit for income taxes (Note 8)	(13,998)	(10,583)	(7,237)
Net income	43	4,228	10,658
Preferred stock dividends, net (Note 12)	(3,524)	(3,481)	(1,675)
Net income (loss) attributed to common shares	$ (3,481)	747	8,983
Net income (loss) per common share (Note 10):			
Basic	$ (0.42)	.09	1.14
Diluted	(0.42)	.09	1.08
Weighted average common shares outstanding (Note 10):			
Basic	8,324	8,076	7,897
Diluted	8,324	8,102	9,884

See accompanying notes to financial statements.

Pittston Minerals Group

STATEMENTS OF SHAREHOLDER'S EQUITY

(In thousands)	Years Ended December 31 1998	1997	1996
Balance, beginning of year	$(18,572)	(11,660)	(8,679)
Comprehensive income:			
Net income	43	4,228	10,658
Preferred dividends declared	(3,524)	(3,481)	(1,675)
Net income (loss) attributed to common shares	(3,481)	747	8,983
Other comprehensive income, net of tax:			
Foreign currency translation adjustments, net of tax effect of ($153), ($910) and $79	(1,068)	(4,022)	1,111
Cash flow hedges:			
Transition adjustment, net of tax effect of $2,092	(3,886)	--	--
Net cash flow hedge gains, net of tax effect of ($921)	1,711	--	--
Reclassification adjustment, net of tax effect of ($83)	155	--	--
Other, net of tax effect of ($61)	113	--	--
Comprehensive income (loss)	(6,456)	(3,275)	10,094
Miinerals stock options exercised (Note 11)	--	22	43
Minerals shares released from employee benefits trust to employee benefits plan (Note 12)	1,752	2,259	2,100
Retirement of Minerals stock under share repurchase programs (Note 12)	(146)	(617)	(7,897)
Common dividends declared (Note 12)	(1,992)	(5,284)	(7,384)
Tax benefit of Minerals stock options exercised (Note 8)	(78)	(17)	63
Other	(160)	--	--
Balance at end of period	$(25,652)	(18,572)	(11,660)

See accompanying notes to financial statements.

Pittston Minerals Group

STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31 1998	1997	1996
Cash flows from operating activities:			
Net income	$ 43	4,228	10,658
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash charges and other write-offs	--	--	29,948
Depreciation, depletion and amortization	36,216	37,515	36,624
Provision for deferred income taxes	3,127	11,050	22,088
Credit for pensions, noncurrent	(3,072)	(2,761)	(1,676)
Provision for uncollectible accounts receivable	228	109	262
Equity in (earnings) losses of unconsolidated affiliates, net of dividends received	(438)	671	(302)
Gains on sales of property, plant and equipment and other assets	(4,464)	(1,789)	(1,398)
Other operating, net	1,975	1,823	885
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
(Increase) decrease in accounts receivable	(26,640)	28,574	(4,454)
Decrease (increase) in inventories	4,528	(3,458)	10,116
Increase in prepaid expenses	(1,679)	(1,395)	(1,818)
Decrease in accounts payable and accrued liabilities	(34,732)	(313)	(17,907)
(Increase) decrease in other assets	(4,201)	793	(2,893)
Decrease in workers' compensation and other claims, noncurrent	(11,950)	(13,574)	(8,766)
Increase (decrease) in other liabilities	6,180	(11,703)	(51,749)
Other, net	(79)	(209)	181
Net cash (used) provided by operating activities	(34,958)	49,561	19,799
Cash flows from investing activities:			
Additions to property, plant and equipment	(24,162)	(26,434)	(23,575)
Proceeds from disposal of property, plant and equipment	18,688	2,982	4,613
Acquisitions, net of cash acquired, and related contingency payments	--	(1,014)	(4,613)
Proceeds from disposition of assets	6,772	--	--
Other, net	(931)	(2,723)	(419)
Net cash provided (used) by investing activities	367	(27,189)	(20,515)
Cash flows from financing activities:			
Additions to debt	99,412	59,076	23,216
Reductions of debt	(54,961)	(67,825)	(1,319)
Payments (to) from Brink's Group	(6,681)	2,977	6,082
Payments to BAX Group	--	(7,696)	(12,179)
Repurchase of stock	(308)	(617)	(7,895)
Proceeds from exercise of stock options and from employee stock purchase plan	--	22	208
Dividends paid	(5,323)	(8,302)	(9,009)
Net cash provided (used) by financing activities	32,139	(22,365)	(896)
Net (decrease) increase in cash and cash equivalents	(2,452)	7	(1,612)
Cash and cash equivalents at beginning of year	3,394	3,387	4,999
Cash and cash equivalents at end of year	$ 942	3,394	3,387

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(In thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

As used herein, the "Company" includes The Pittston Company except as otherwise indicated by the context. The Company is comprised of three separate groups - Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group. The financial statements of the Minerals Group include the balance sheets, the results of operations and cash flows of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company, and a portion of the Company's corporate assets and liabilities and related transactions which are not specifically identified with operations of a particular segment. The Minerals Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate allocations reflected in these financial statements are determined based upon methods which management believes to provide a reasonable and equitable allocation of such items (Note 2).

The Company provides to holders of Pittston Minerals Group Common Stock ("Minerals Stock") separate financial statements, financial review, descriptions of business and other relevant information for the Minerals Group in addition to the consolidated financial information of the Company. Notwithstanding the attribution of assets and liabilities (including contingent liabilities) among the Minerals Group, the Brink's Group and the BAX Group for the purpose of preparing their respective financial statements, this attribution and the change in the capital structure of the Company as a result of the approval of the Brink's Stock Proposal did not affect legal title to such assets or responsibility for such liabilities for the Company or any of its subsidiaries. Holders of Minerals Stock are shareholders of the Company, which continues to be responsible for all its liabilities. Financial impacts arising from one group that affect the Company's financial condition could therefore affect the results of operations and financial condition of each of the groups. Since financial developments within one group could affect other groups, all shareholders of the Company could be adversely affected by an event directly impacting only one group. Accordingly, the Company's consolidated financial statements must be read in connection with the Minerals Group's financial statements.

PRINCIPLES OF COMBINATION

The accompanying financial statements reflect the combined accounts of the business comprising the Minerals Group. The Minerals Group's interests in 20% to 50% owned companies are carried on the equity method unless control exists, in which case, consolidation accounting is used. All material intercompany items and transactions have been eliminated in combination. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits and investments with original maturities of three months or less.

INVENTORIES

Inventories are stated at cost (determined under the average cost method) or market, whichever is lower.

PROPERTY, PLANT AND EQUIPMENT

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight-line method at varying rates depending upon estimated useful lives. Depletion of bituminous coal lands is provided on the basis of tonnage mined in relation to the estimated total of recoverable tonnage in the ground.

Mine development costs, primarily included in bituminous coal lands, are capitalized and amortized over the estimated useful life of the mine. These costs include expenses incurred for site preparation and development as well as operating deficits incurred at the mines during a development stage. A mine is considered under development until all planned production units have been placed in operation. Valuation of coal properties is based primarily on mining plans and conditions assumed at the time of the evaluation. These valuations could be impacted by actual economic conditions which differ from those assumed at the time of the evaluation.

INTANGIBLES

The excess of cost over fair value of net assets of businesses acquired is amortized on a straight-line basis over the estimated periods benefited.

The Minerals Group evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of asset value or useful lives. The Minerals Group annually assesses the recoverability of the excess of cost over net assets acquired by determining whether the amortization of the asset balance over its remaining life can be recovered through projected undiscounted future operating cash flows. Evaluation

of asset value as well as periods of amortization are performed on a disaggregated basis.

Goodwill allocated to a potentially impaired asset will be identified with that asset in performing an impairment test in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121. If such tests indicate that an impairment exists, the carrying amount of the identified goodwill would be eliminated before making any reduction of the carrying amounts of impaired long-lived assets.

COAL SUPPLY CONTRACTS

Coal supply contracts consist of contracts to supply coal to customers at certain negotiated prices over a period of time, which have been acquired from other coal companies, and are stated at cost at the time of acquisition, which approximates fair market value. The capitalized cost of such contracts is amortized over the term of the contract on the basis of tons of coal sold under the contract.

STOCK BASED COMPENSATION

The Minerals Group has implemented the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation" (Note 11). The Minerals Group continues to measure compensation expense for its stock-based compensation plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of foreign subsidiaries have been translated at rates of exchange at the balance sheet date and related revenues and expenses have been translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments have been included in shareholder's equity.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Postretirement benefits other than pensions are accounted for in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

INCOME TAXES

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse.

See Note 2 for allocation of the Company's US federal income taxes to the Minerals Group.

PNEUMOCONIOSIS (BLACK LUNG) EXPENSE

The Minerals Group acts as self-insurer with respect to almost all black lung benefits. Provision is made for estimated benefits based on annual actuarial reports prepared by outside actuaries. The excess of the present value of expected future benefits over the accumulated book reserves is recognized over the amortization period as a level percentage of payroll. Cumulative actuarial gains or losses are calculated periodically and amortized on a straight-line basis. Assumptions used in the calculation of the actuarial present value of black lung benefits are based on actual retirement experience of the Company's coal employees, black lung claims incidence for active miners, actual dependent information, industry turnover rates, actual medical and legal cost experience and projected inflation rates. As of December 31, 1998 and 1997, the actuarially determined value of estimated future black lung benefits discounted at 6% was approximately $51,000 and $55,000, respectively, and is included in workers' compensation and other claims in the Minerals Group balance sheet. Based on actuarial data, the amount credited to operations was $2,257 in 1998, $2,451 in 1997 and $2,216 in 1996. In addition, the Company accrued additional expenses for black lung benefits related to federal and state assessments, legal and administration expenses and other self insurance costs. These costs amounted to $1,659 in 1998, $1,936 in 1997 and $1,849 in 1996.

RECLAMATION COSTS

Expenditures relating to environmental regulatory requirements and reclamation costs undertaken during mine operations are charged against earnings as incurred. Estimated site restoration and post closure reclamation costs are charged against earnings using the units of production method over the expected economic life of each mine. Accrued reclamation costs are subject to review by management on a regular basis and are revised when appropriate for changes in future estimated costs and/or regulatory requirements.

IMPAIRMENT OF LONG-LIVED ASSETS

The Minerals Group accounts for impairment of long-lived assets and long-lived assets to be disposed of in accordance with SFAS No. 121. SFAS No. 121 requires a review of assets for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. When such events or changes in circumstances indicate an asset may not be recoverable, the Minerals Group estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of such expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized in an amount by which the asset's net book value exceeds its fair market value. For purposes of assessing impairment, assets are required to be grouped at the lowest level for which there are separately identifiable cash flows.

In 1996, the Minerals Group adopted SFAS No. 121 resulting in a pretax charge to earnings in 1996 for the Minerals Group's Coal Operations of $29,948 ($19,466 after-tax), of which $26,312 was included in cost of sales and $3,636 was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advanced royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

All derivative instruments are recognized on the balance sheet at their fair value. On the date the derivative contract is entered into, the Minerals Group designates the derivative as (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge), (3) a foreign currency fair value or cash flow hedge ("foreign currency" hedge), or (4) a hedge of a net investment in a foreign operation. The Minerals Group does not enter into derivative contracts for the purpose of "trading" such instruments and thus has no derivative designation as "held for trading".

Changes in the fair value of a derivative that is highly effective as and that is designated and qualifies as a fair value hedge, along with the loss or gain on the hedged asset or liability that is attributable to the hedged risk (including losses or gains on firm commitments), are recorded currently in period earnings. Changes in the fair value of a derivative that is highly effective as and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income, until the forecasted transaction affects earnings. Changes in the fair value of derivatives that are highly effective as and that are designated and qualify as foreign currency hedges are recorded either currently in earnings or other comprehensive income, depending on whether the hedge transaction is a fair-value hedge or a cash flow hedge. If, however, a derivative is used as a hedge of a net investment in a foreign operation, its changes in fair value, to the extent effective as a hedge, are recorded in the cumulative translation adjustments account within equity. Any amounts excluded from the assessment of hedge effectiveness as well as the ineffective portion of the gain or loss is reported in earnings immediately.

Management documents the relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives that are designated as fair value, cash flow, or foreign currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Management also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, hedge accounting is discontinued prospectively, as discussed below.

The Minerals Group discontinues hedge accounting prospectively when and if (1) it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including firm commitments or forecasted transactions); (2) the derivative expires or is sold, terminated, or exercised; (3) the derivative is de-designated as a hedge instrument, because it is no longer probable that a forecasted transaction will occur; (4) because a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management determines that designation of the derivative as a hedge instrument is no longer appropriate.

When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair value hedge, the derivative will continue to be carried on the balance sheet at its fair value, changes will be reported currently in earnings, and the hedged asset or liability will no longer be adjusted for changes in fair value. When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, the derivative will continue to be carried on the balance sheet at its fair value, changes will be reported currently in earnings, and any asset or liability that was recorded pursuant to recognition of the firm commitment will be removed from the balance sheet and recognized as a gain or loss in current-period earnings. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the derivative will continue to be carried on the balance sheet at its fair value, changes will be reported currently in earnings, and gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. In all other situations in which hedge accounting is discontinued, the derivative will be carried at its fair value on the balance sheet, with changes in its value recognized currently in earnings.

REVENUE RECOGNITION

Coal sales are generally recognized when coal is loaded onto transportation vehicles for shipment to customers. For domestic sales, this generally occurs when coal is loaded onto railcars at mine locations. For export sales, this generally occurs when coal is loaded onto marine vessels at terminal facilities.

Gold sales are recognized when products are shipped to a refinery. Settlement adjustments arising from final determination of weights and assays are reflected in sales when received.

NET INCOME PER SHARE

Basic net income per share for the Minerals Group is computed by dividing net income attributed to common shares (net income less preferred stock dividends) by the basic weighted-average common shares outstanding. Diluted net income per share for the Minerals Group is computed by dividing net income by the diluted weighted-average common shares outstanding. Diluted weighted-average common shares outstanding includes

additional shares assuming the exercise of stock options and the conversion of the Company's $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). However, when the exercise of stock or the conversion of Convertible Preferred Stock is antidilutive, they are excluded from the calculation. The shares of Minerals Stock held in The Pittston Company Employee Benefits Trust ("the Trust" - see Note 12) are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations.

USE OF ESTIMATES

In accordance with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

ACCOUNTING CHANGES

The Minerals Group adopted SFAS No. 130, "Reporting Comprehensive Income," in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the Minerals Group implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. The adoption had no material impact on the Minerals Group.

The Minerals Group implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 18.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the Company has elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure the Mineral's Groups instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. In accordance with the transition provisions of SFAS No. 133, Mineral's Group recorded a net transition adjustment resulting in a loss of $3,886 (net of related income tax of $2,092) in accumulated other comprehensive income at October 1, 1998, in order to recognize at fair value all derivatives that are designated as cash-flow hedging instruments.

2. RELATED PARTY TRANSACTIONS

The following policies may be modified or rescinded by action of the Company's Board of Directors (the "Board"), or the Board may adopt additional policies, without approval of the shareholders of the Company, although the Board has no present intention to do so. The Company allocated certain corporate general and administrative expenses, net interest expense and related assets and liabilities in accordance with the policies described below. Corporate assets and liabilities are primarily deferred pension assets and liabilities, income taxes and accrued liabilities. See Note 12 for Board policies related to disposition of properties and assets.

FINANCIAL

As a matter of policy, the Company manages most financial activities of the Minerals Group, the Brink's Group and the BAX Group on a centralized, consolidated basis. Such financial activities include the investment of surplus cash; the issuance, repayment and repurchase of short-term and long-term debt; the issuance and repurchase of common stock and the payment of dividends. In preparing these financial statements, transactions primarily related to invested cash, short-term and long-term debt (including convertible debt), related net interest and other financial costs have been attributed to the Minerals Group based upon its cash flows for the periods presented after giving consideration to the debt and equity structure of the Company. At December 31, 1998 and 1997, the Company attributed long-term debt to the Minerals Group based upon the purpose for the debt in addition to the cash flow requirements of the Minerals Group. See Note 9 for details and amounts of long-term debt. The portion of the Company's interest expense, net of amounts capitalized, allocated to the Minerals Group for 1998, 1997 and 1996 was $8,668, $10,193 and $7,475, respectively. Management believes such method of allocation provides a reasonable and equitable estimate of the costs attributable to the Minerals Group.

To the extent borrowings are deemed to occur between the Brink's Group, the BAX

Group and the Minerals Group, intergroup accounts have been established bearing interest at the rate from time to time under the Company's unsecured credit lines or, if no such credit lines exist, at the prime rate

charged by Chase Manhattan Bank from time to time. At December 31, 1998 and 1997, the Minerals Group owed the Brink's Group $20,321 and $27,004, respectively. Interest expense for the Minerals Group associated with such borrowings was $811 and $481 for 1998 and 1997, respectively. No borrowings were outstanding from the BAX Group at December 31, 1998 or 1997.

INCOME TAXES

The Minerals Group and its domestic subsidiaries are included in the consolidated US federal income tax return filed by the Company.

The Company's consolidated provision and actual cash payments for US federal income taxes are allocated between the Minerals Group, the Brink's Group and the BAX Group in accordance with the Company's tax allocation policy and reflected in the financial statements for each Group. In general, the consolidated tax provision and related tax payments or refunds are allocated among the Groups, for financial statement purposes, based principally upon the financial income, taxable income, credits and other amounts directly related to the respective Group. Tax benefits that cannot be used by the Group generating such attributes, but can be utilized on a consolidated basis, are allocated to the Group that generated such benefits and an intergroup account is established for the benefit of the Group generating the attributes. As a result, the allocated Group amounts of taxes payable or refundable are not necessarily comparable to those that would have resulted if the Groups had filed separate tax returns. In accordance with the policy, at December 31, 1998, the Minerals Group was owed $12,943 and $20,355 from the Brink's Group and the BAX Group, respectively for such tax benefits, of which $2,943 and $13,355, respectively, were not expected to be received within one year from such dates. At December 31, 1997, the Minerals Group was owed $19,391 and $18,239 from the Brink's Group and the BAX Group, respectively, for such tax benefits, of which $391 and $13,239, respectively, were not expected to be received within one year from such date. The Brink's and BAX Groups paid the Minerals Group $17,667 and $3,333, respectively in 1998 and $15,794 and $10,278, respectively, in 1997 for the utilization of such tax benefits.

SHARED SERVICES

A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Minerals Group based upon utilization and other methods and criteria which management believes to provide a reasonable and equitable estimate of the costs attributable to the Minerals Group. These allocations were $8,316, $5,988 and $6,555 in 1998, 1997 and 1996, respectively.

PENSION

The Minerals Group's pension cost related to its participation in the Company's noncontributory defined benefit pension plan is actuarially determined based on its respective employees and an allocable share of the pension plan assets and calculated in accordance with SFAS No. 87, "Employers' Accounting for Pensions". Pension plan assets have been allocated to the Minerals Group based on the percentage of its projected benefit obligation to the plan's total projected benefit obligation. Management believes such method of allocation to provide a reasonable and equitable estimate of the assets and costs attributable to the Minerals Group.

3. SHAREHOLDER'S EQUITY

The cumulative foreign currency translation adjustment deducted from shareholder's equity was $3,919 and $2,851 at December 31, 1998 and 1997. The cumulative foreign currency translation adjustment included in shareholder's equity was $1,171 at December 31, 1996.

The cumulative cash flow hedges deducted from shareholder's equity was $2,020, $0 and $0 at December 31, 1998, 1997 and 1996, respectively.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consist of the following:

	As of December 31 1998	1997
Bituminous coal lands	$100,968	107,212
Land, other than coal lands	26,301	24,203
Buildings	9,093	8,996
Machinery and equipment	176,882	196,313
Total	$313,244	336,724

The estimated useful lives for property, plant and equipment are as follows:

	Years
Buildings	10 to 40

Machinery and equipment	3 to 30

Depreciation and depletion of property, plant and equipment aggregated $22,270 in 1998, $23,180 in 1997 and $22,633 in 1996.

Mine development costs which were capitalized totaled $7,093 in 1998, $9,756 in 1997 and $8,144 in 1996.

5. ACCOUNTS RECEIVABLE--TRADE

For each of the years in the three-year period ended December 31, 1998, the Company, on behalf of the Minerals Group, maintained agreements with financial institutions whereby it had the right to sell certain coal receivables to those institutions. Certain agreements contained provisions for sales with recourse. In 1998 and 1997, total coal receivables of $38,373 and $23,844, respectively, were sold under such agreements. As of December 31, 1998 and 1997, receivables sold which remained to be collected totaled $29,734 and $23,844, respectively.

As a result of changes in certain recourse provisions during 1998, as of December 31, 1998, these transactions were accounted for as secured financings, resulting in the uncollected receivables balances remaining on the balance sheet with a corresponding short-tem obligation of $29,734 recognized. The fair value of this short-term obligation approximates the carrying value. During 1997, these transactions were accounted for as sales of receivables, resulting in the removal of the receivables from the balance sheet.

6. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $14,930 and $11,923 at December 31, 1998 and 1997, respectively. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $3,006 in 1998, $3,008 in 1997 and $3,128 in 1996.

7. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

NON-DERIVATIVE FINANCIAL INSTRUMENTS

Non-derivative financial instruments, which potentially subject the Minerals Group to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. The Minerals Group places its cash and cash equivalents with high credit quality financial institutions. Also, by policy, the Minerals Group limits the amount of credit exposure to any one financial institution. The Minerals Group makes substantial sales to a few relatively large customers. Credit limits, ongoing credit evaluation and account-monitoring procedures are utilized to minimize the risk of loss from nonperformance on trade receivables.

The following details the fair values of non-derivative financial instruments for which it is practicable to estimate the value:

Cash and cash equivalents
- -------------------------
The carrying amounts approximate fair value because of the short maturity of these instruments.

Accounts receivable, accounts payable and accrued liabilities
- ---
The carrying amounts approximate fair value because of the short-term nature of these instruments.

Debt
- ----
The aggregate fair value of the Minerals Group long-term debt obligations, which is based upon quoted market prices and rates currently available to the Minerals Group for debt with similar terms and maturities, approximates the carrying amount.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Minerals Group has activities in Australia, which has a local currency other than the US dollar. These activities subject the Minerals Group to certain market risks, including the effects of changes in foreign currency exchange rates, interest rates, and commodity prices. These financial exposures are monitored and managed by the Minerals Group as an integral part of its overall risk management program, which seeks to reduce the potentially adverse effects that the volatility of these markets may have on its operating results.

The Minerals Group utilizes various derivative hedging instruments, as discussed below, to hedge its foreign currency, interest rate, and commodity exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. Management of the Minerals Group does not expect any losses due to such counterparty default.

The Minerals Group assesses interest rate, foreign currency, and commodity risks by continually identifying and monitoring changes in interest rate, foreign currency and commodity exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Minerals Group maintains risk management control systems to monitor these risks attributable to both Pittston Coal's and Mineral Ventures' outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates, foreign currency rates and commodity prices on Pittston Coal's and Mineral Ventures' future cash flows. Pittston Coal's and Mineral Ventures' do not use derivative instruments for purposes other than hedging.

As of October 1, 1998 the Minerals Group adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 which establishes accounting and reporting standards for derivative instruments and hedging activities, requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

Changes in fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction.

Prior to the adoption of SFAS No. 133 (prior to October 1, 1998), gains and losses on derivative contracts, designated as effective hedges, were deferred and recognized as part of the transaction hedged. Since they were accounted for as hedges, the fair value of these contracts were not recognized in the Minerals Group's financial statements. Gains and losses resulting from the early termination of such contracts were deferred and amortized as an adjustment to the specific item being hedged over the remaining period originally covered by the terminated contracts. In addition, if the underlying items being hedged were retired prior to maturity, the unamortized gain or loss resulting from the early termination of the related interest rate swap would be included in the gain or loss on the extinguishment of the obligation.

Cash-flow hedges
- ----------------

Interest Rate Risk Management

Pittston Coal uses variable-rate debt to finance its operations. In particular, approximately $131 million of the variable-rate long-term debt under the Company's $350 million credit facility (the "Facility" - See Note 9) is allocated to the Minerals Group. This debt obligation exposes Pittston Coal to variability in interest expense due to changes in interest rates. If interest rates increase, interest expense increases. Conversely, if interest rates decrease, interest expense also decreases. Management believes it is prudent to limit the variability of a portion of its interest expense. Pittston Coal attempts to maintain a reasonable balance between fixed and floating rate debt and uses interest rate swaps to accomplish this objective. The contracts are entered into in accordance with guidelines set forth in the Mineral Group's hedging policies. Pittston Coal does not use derivative instruments for purposes other than hedging.

To meet this objective, management enters into interest rate swaps to manage fluctuations in interest expense resulting from interest rate risk. The Company has entered into interest rate swaps with a total notional value of $60 million. These swaps change the variable-rate cash flows on a portion of its $100 million term-loan, which is part of the Facility to fixed-rate cash flows by entering into interest rate swaps which involve the exchange of floating interest payments for fixed interest payments. The entire $100 million term-loan and the associated swaps are allocated to the Minerals Group.

Changes in the fair value to the extent effective, of interest rate swaps designated as hedging instruments of the variability of cash flows associated with floating-rate, long-term debt obligations are reported in accumulated other comprehensive income. These amounts are subsequently reclassified into interest expense as a yield adjustment in the same period in which the interest on the floating-rate debt obligations affects earnings. During the year ending December 31, 1999, losses of approximately $460 (pre-tax) related to the interest rate swaps are expected to be reclassified from accumulated other comprehensive income into interest expense as a yield adjustment of the hedged debt obligation.

Of the three swaps outstanding at December 31, 1998, the first fixes the interest rate at 5.80% on $20 million in face amount of debt and matures in May 2000, the second and third fix the interest rate at 5.84% and 5.86%, respectively each on $20 million in face amount of debt and mature in May 2001.

Foreign Currency Risk Management

Mineral Ventures utilizes foreign currency forward contracts to minimize the variability in cash flows due to foreign currency risks associated with foreign operations. These items are denominated in various foreign currencies, including the Australian dollar. The contracts are entered into in accordance with guidelines set forth in the Minerals Group's hedging policies. Mineral Ventures does not use derivative instruments for purposes other than hedging.

Mineral Ventures has operations which are exposed to currency risk arising from gold sales denominated in US dollars while its local operating costs are denominated in Australian dollars. Mineral Ventures utilizes foreign currency forward contracts to hedge the variability in cash flows resulting from these exposures for up to two years into the future.

The foreign currency forward contracts' effectiveness is assessed based on the forward rate of the contract. No material amounts related to hedge ineffectiveness were recognized in earnings during the period. Changes in the fair value of Australian dollar foreign currency forward contracts designated and qualifying as cash flow hedges of forecasted US dollar sales of gold are reported in accumulated other comprehensive income. The gains and losses are reclassified into earnings, as a component of revenue, in the same period as the forecasted transaction affects earnings.

During the year ending December 31, 1999, losses of approximately $1,000 (pre-tax) related to Australian dollar foreign currency forward contracts are expected to be reclassified from accumulated other comprehensive income into revenue. As of December 31, 1998, the maximum length of time over which Mineral Ventures is hedging its exposure to the variability in future cash flows associated with foreign currency forecasted transactions is eighteen months.

Commodities Risk Management

Pittston Coal consumes and Mineral Ventures sells various commodities in the normal course of their businesses and utilize derivative instruments to minimize the variability in forecasted cash flows due to adverse price movements in these commodities. The contracts are entered into in accordance with guidelines set forth in the Minerals Group's hedging policies. The Minerals Group does not use derivative instruments for purposes other than hedging.

Mineral Ventures utilizes a combination of forward gold sales contracts and currency contracts to fix in Australian dollars the selling price on a certain portion of its forecasted gold sales

from the Stawell gold mine. At December 31, 1998, 41,000 ounces of gold, representing approximately 20% of Mineral Ventures' share of Stawell's proven and probable reserves, were sold forward under forward gold contracts. Mineral Ventures' also sells call options on gold periodically and receives a premium which enhances the selling price of unhedged gold sales, the fair value of which is recognized immediately into earnings as the contracts do not qualify for special hedge accounting under SFAS No. 133.

Pittston Coal utilizes forward swap contracts for the purchase of diesel fuel to fix a certain portion of Pittston Coal's forecasted diesel fuel costs at specific price levels. Pittston Coal also periodically utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of diesel fuel. The option contracts, which involve purchasing call options, are designed to provide protection against sharp increases in the price of diesel fuel. For purchased options, Pittston Coal pays a premium up front and receives an amount equal to the difference by which the average market price during the period exceeds the option strike price. At December 31, 1998, the notional amount of forward swap contracts for the purchase of diesel fuel contracts totaled 3.2 million gallons.

No material amounts related to hedge ineffectiveness were recognized in earnings during the period for the diesel fuel swaps and forward gold contracts. Changes in fair value related to the difference between changes in the spot and forward gold contract rates were not material.

Changes in the fair value of the commodity contracts designated and qualifying as cash flow hedges of forecasted commodity purchases and sales are reported in accumulated other comprehensive income. For diesel fuel, the gains and losses are reclassified into earnings, as a component of costs of sales, in the same period as the commodity purchased affects earnings. For gold contracts, the gains and losses are reclassified into earnings, as a component of revenue, in the same period as the gold sale affects earnings.

During the year ending December 31, 1999, losses of approximately $150 (pre-tax) related to diesel fuel purchase contracts, are expected to be reclassified from accumulated other comprehensive income into cost of sales. During the year ending December 31, 1999, losses of approximately $100 (pre-tax) related to gold sales contracts are expected to be reclassified from accumulated other comprehensive income into revenue.

As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with diesel fuel purchases is six months. As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with gold sales is two years.

8. INCOME TAXES

The provision (credit) for income taxes consists of the following:

	US Federal	Foreign	State	Total
1998:				
Current	$(17,125)	--	--	(17,125)
Deferred	2,918	209	--	3,127
Total	$(14,207)	209	--	(13,998)
1997:				
Current	$(21,633)	--	--	(21,633)
Deferred	10,719	331	--	11,050
Total	$(10,914)	331	--	(10,583)
1996:				
Current	$(29,325)	--	--	(29,325)
Deferred	20,893	1,195	--	22,088
Total	$(8,432)	1,195	--	(7,237)

The significant components of the deferred tax expense were as follows:

	Years Ended December 31 1998	1997	1996
Deferred tax expense exclusive of the components$listed below	6,429	10,551	8,064
Net operating loss carryforwards	491	(558)	(327)
Alternative minimum tax credit	(4,224)	664	3,337
Change in the valuation allowance for deferred tax assets	431	393	1,014
Total	$3,127	11,050	22,088

The tax benefit for compensation expense related to the exercise of certain employee stock options for tax purposes in excess of compensation expense for financial reporting purposes is recognized as an adjustment to shareholder's equity.

The components of the net deferred tax asset as of December 31, 1998 and December 31, 1997, were as follows:

	1998	1997
DEFERRED TAX ASSETS:		
Accounts receivable	$ 1,218	816
Postretirement benefits other than pensions	99,944	97,691
Workers' compensation and other claims	35,171	42,256
Other liabilities and reserves	34,312	49,713
Miscellaneous	2,854	11,320
Net operating loss carryforwards	3,302	3,793
Alternative minimum tax credits	11,174	6,950
Valuation allowance	(10,284)	(9,853)
Total deferred tax asset	$177,691	202,686
DEFERRED TAX LIABILITIES:		
Property, plant and equipment	$20,621	25,299
Pension assets	32,058	34,120
Other assets	12,272	12,110
Investments in foreign affiliates	3,000	--
Miscellaneous	32,792	52,007
Total deferred tax liabilities	100,743	123,536
Net deferred tax asset	$ 76,948	79,150

The recording of deferred federal tax assets is based upon their expected utilization in the Company's consolidated federal income tax return and the benefit that would accrue to the Minerals Group under the Company's tax allocation policy.

The valuation allowance relates to deferred tax assets in certain foreign and state jurisdictions.

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory US federal income tax rate of 35% in 1998, 1997 and 1996 to the income (loss) before income taxes.

	Years Ended December 31		
	1998	1997	1996
Income (loss) before income taxes:			
United States	$(15,550)	(7,273)	100
Foreign	1,595	918	3,321
Total	$(13,955)	(6,355)	3,421
Tax provision (credit) computed at statutory rate	$ (4,885)	(2,224)	1,197
Increases (reductions) in taxes due to:			
Percentage depletion	(6,869)	(7,407)	(7,644)
State income taxes (net of federal tax benefit)	(431)	(393)	(1,014)
Change in the valuation allowance for deferred tax assets	431	393	1,014
Miscellaneous	(2,244)	(952)	(790)
Actual tax credit	$(13,998)	(10,583)	(7,237)

It is the policy of the Minerals Group to accrue deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries and affiliates which are expected to reverse in the foreseeable future. As of December 31, 1998 and December 31, 1997, there was no unrecognized deferred tax liability for temporary differences related to investments in foreign subsidiaries and affiliates.

The Minerals Group and its domestic subsidiaries are included in the Company's consolidated US federal income tax return.

As of December 31, 1998, the Minerals Group had $11,174 of alternative minimum tax credits allocated to it under the Company's tax allocation policy. Such credits are available to offset future US federal income taxes and, under current tax law, the carryforward period for such credits is unlimited.

The tax benefits of net operating loss carryforwards for the Minerals Group as of December 31, 1998 were $3,302 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

9. LONG-TERM DEBT

A portion of the outstanding debt under the Company's credit agreement has been attributed to the Minerals Group. Total long-term debt of the Minerals Group consists of the following:

	As of December 31 1998	1997
Senior obligations and capital leases	$ 1,076	1,092
Attributed portion of Company's debt:		
US dollar term loan due 2001 (year-end rate 5.68% in 1998 and 6.24% in 1997)	100,000	100,000
Revolving credit notes due 2001 (year-end rate 5.83% in 1998 and 5.92% in 1997)	30,696	15,022
Total long-term debt, less current maturities	131,772	116,114
Current maturities of senior obligations and capital leases	482	547
Total long-term debt including current maturities	$132,254	116,661

For the four years through December 31, 2003, minimum repayments of long-term debt outstanding are as follows:

2000	$ 623
2001	131,149
2002	0
2003	0

The Company has a $350,000 credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates plus applicable margin. A term loan of $100,000 was outstanding at December 31, 1998 and 1997. Additional borrowings of $91,600 and $25,900 were outstanding at December 31, 1998 and 1997, respectively under the revolving credit portion of the Facility. The Company pays commitment fees (.125% per annum at December 31, 1998) on the unused portion of the Facility. At December 31, 1998 and 1997, $130,696 and $115,022, respectively, of these borrowings were attributed to the Minerals Group.

Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398,000 at December 31, 1998.

The Company has three interest rate swap agreements that effectively convert a portion of the interest on its $100,000 variable rate term loan to fixed rates (See Note 7).

At December 31, 1998, the Company's portion of outstanding unsecured letters of credit allocated to the Minerals Group was $14,041, primarily supporting its obligations under its various self-insurance programs.

The Company maintains agreements with financial institutions under which it sells certain coal receivables to those institutions. Some of these agreements contained provisions for sales with recourse. As of December 31, 1998, these transactions were accounted for as secured financings, resulting in the recognition of short-term obligations of $29,734. The fair value of these short-term obligations approximated the carrying value and bore an interest rate of 5.72%.

10. NET INCOME PER SHARE

The following is a reconciliation between the calculations of basic and diluted net income (loss) per share:

	Years Ended December 31		
	1998	1997	1996
NUMERATOR:			
Net income	$ 43	4,228	10,658
Convertible Preferred Stock dividends, net	(3,524)	(3,481)	(1,675)
Basic net income (loss) per share numerator	(3,481)	747	8,983
Effect of dilutive securities:			
Convertible Preferred Stock dividends, net	--	--	1,675
Diluted net income (loss) per share numerator	$(3,481)	747	10,658
DENOMINATOR:			
Basic weighted average common shares outstanding	8,324	8,076	7,897
Effect of dilutive securities:			
Convertible Preferred Stock	--	--	1,945
stock options	--	26	42
Diluted weighted average common shares outstanding	8,324	8,102	9,884

Options to purchase 789 shares of Minerals Stock, at prices between $2.50 and $25.74 per share, were outstanding during 1998 but were not included in the computation of diluted net loss per share because the effect of all options would be antidilutive.

Options to purchase 446 and 300 shares of Minerals Stock, at prices between $12.18 and $25.74 and $13.43 and $25.74 per share, were outstanding during 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

The conversion of preferred stock to 1,764 shares and 1,785 shares of Minerals Stock has been excluded in the computation of diluted net income (loss) per share in 1998 and 1997, respectively, because the effect of the assumed conversion would be antidilutive.

11. STOCK OPTIONS

The Company has various stock-based compensation plans as described below.

STOCK OPTION PLANS

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest 100% at the end of the third year. The Non-Employee Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest ratably over the first three years. The total number of shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 789.

Under the Non-Employee Plan, the total number of shares underlying options authorized for grant, not yet granted, is 47.

The Company's 1979 Stock Option Plan (the "1979 Plan") and 1985 Stock Option Plan (the "1985 Plan") terminated in 1985 and 1988, respectively.

As part of the Brink's Stock Proposal (described in the Company's Proxy Statement dated December 31, 1995 resulting in the modification of the capital structure of the Company to include an additional class of common stock), the 1988 and the Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or BAX Stock, in addition to Minerals Stock. The approval of the Brink's Stock Proposal had no effect on options for Minerals Stock.

The table below summarizes the related plan activity.

	Shares	Aggregate Exercise Price
Outstanding at December 31, 1995	598	$ 9,359
Granted	4	47
Exercised	(3)	(45)
Forfeited or expired	(16)	
Outstanding at December 31, 1996	583	$ 9,132
Granted	138	1,746
Exercised	(2)	(22)
Forfeited or expired	(67)	
Outstanding at December 31, 1997	652	$ 9,935
Granted	138	721
Exercised	0	0
Forfeited or expired	(128)	(1,668)
Outstanding at December 31, 1998	662	$ 8,988

Options exercisable at the end of 1998, 1997 and 1996, respectively, for Minerals Stock were 491, 253 and 292.

The following table summarizes information about stock options outstanding as of December 31, 1998.

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Exercise Average Price	Shares	Weighted Average Exercise Price
$ 2.50 to 6.53	101	5.76	$ 4.23	31	$ 4.20
9.50 to 11.88	243	2.91	10.24	216	10.32
12.69 to 16.63	148	3.66	13.29	74	13.88
18.63 to 25.74	170	1.71	24.18	170	24.18

Total	662	491

EMPLOYEE STOCK PURCHASE PLAN

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 250 shares of Minerals Stock, to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three

classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 118, 46 and 30 shares of Minerals Stock to employees during 1998, 1997 and 1996, respectively.

In January 1999, the maximum number of Minerals shares had been issued pursuant to the Plan. At a meeting held subsequent to year end, the Company's Board of Directors adopted an amendment to increase the maximum number of shares of common stock which may be issued pursuant to the Plan to 650 shares of Minerals Stock. This amendment to the Plan is subject to shareholder approval on May 7, 1999.

ACCOUNTING FOR PLANS

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", but applies APB Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the accompanying financial statements. Had compensation costs for the Company's plans been determined based on the fair value of awards at the grant dates, consistent with SFAS No. 123, the Minerals Group's net income and earnings per share would approximate the pro forma amounts indicated below:

	1998	1997	1996
NET INCOME (LOSS) ATTRIBUTED TO COMMON SHARES			
Minerals Group			
As Reported	$(3,481)	747	8,983
Pro Forma	(3,684)	336	8,711
NET INCOME PER COMMON SHARE			
Minerals Group			
Basic, As Reported	$ (0.42)	0.09	1.14
Basic, Pro Forma	(0.44)	0.04	1.10
Diluted, As Reported	(0.42)	0.09	1.08
Diluted, Pro Forma	(0.44)	0.04	1.05

Note: The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

The fair value of each stock option grant used to compute pro forma net income and earnings per share disclosures is estimated at the time of the grant using the Black-Scholes option-pricing model. The weighted-average assumptions used in the model are as follows:

	1998	1997	1996
Expected dividend yield	1.8%	5.4%	4.8%
Expected volatility	45%	43%	37%
Risk-free interest rate	5.3%	6.2%	6.1%
Expected term (in years)	5.1	4.2	3.7

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1998, 1997 and 1996, is $250, $487 and $10, respectively.

Under SFAS 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1998, 1997 and 1996 was $62, $237 and $143 for the Minerals Group, respectively.

12. CAPITAL STOCK

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes.

The Company, at any time, has the right to exchange each outstanding share of Minerals Stock, which was previously subject to exchange for shares of Services Stock, for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Minerals Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. If any shares of the Company's Preferred Stock are converted after an exchange of Minerals Stock for Brink's Stock (or BAX Stock), the holder of such Preferred Stock would, upon conversion, receive shares of Brink's Stock (or BAX Stock) in lieu of shares of Minerals Stock otherwise issuable upon such conversion.

The Company, at any time, has the right to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the BAX Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock.

Holders of Brink's Stock at all times have one vote per share. Holders of BAX Stock and Minerals Stock have .739 and .244 vote per share, respectively, subject to adjustment on January 1, 2000, and on January 1 every two years thereafter in such a manner so that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of BAX Stock and Minerals Stock may have more than, less than or continue to have the number of votes per share as they have. Holders of Brink's Stock, BAX Stock and Minerals Stock vote together as a single voting group on all matters as to which all common shareholders are entitled to vote. In addition, as prescribed by Virginia law, certain amendments to the Articles of Incorporation affecting, among other things, the designation, rights, preferences or limitations of one class of common stock, or certain mergers or statutory share exchanges, must be approved by the holders of such class of common stock, voting as a group, and, in certain circumstances, may also have to be approved by the holders of the other classes of common stock, voting as separate voting groups.

In the event of a dissolution, liquidation or winding up of the Company, the holders of Brink's Stock, BAX Stock and Minerals Stock, effective January 1, 1999, share on a per share basis an aggregate amount equal to 54%, 28% and 18%, respectively, of the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage has been set, using a nominal number of shares of Minerals Stock of 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, BAX Stock and Minerals Stock, as the case may be, then outstanding to the total number of shares of all other classes of common stock then outstanding (which totals, in the case of Minerals Stock, shall include the Nominal Shares).

The Company has authority to issue up to 2,000 shares of preferred stock, par value $10 per share. In January, 1994, the Company issued $80,500 or 161 shares of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The proceeds of the Convertible Preferred Stock offering have been attributed to the Minerals Group. The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available therefore; when as and if declared by the Board, and bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon. Each share of the Convertible Preferred Stock is convertible at the option of the holder unless previously redeemed or, under certain circumstances, called for redemption, into shares of Minerals Stock at a conversion price of $32.175 per share of Minerals Stock, subject to adjustment in certain circumstances. The Company may at its option, redeem the Convertible Preferred Stock, in whole or in part, for cash at a price of $515.625 per share, effective February 1, 1999, and thereafter at prices declining ratably annually on each February 1 to an amount equal to $500 per share on and after February 1, 2004, plus in each case an amount equal to accrued and unpaid dividends on the date of redemption. Except under certain circumstances or as prescribed by Virginia law, shares of the Convertible Preferred Stock are nonvoting.

In November 1998, under the Company's common share repurchase program, the Company's Board of Directors (the "Board") authorized the purchase, from time to time of up to 1,000 shares of Minerals Stock, not to exceed an aggregate purchase cost of $25,000 for all common shares of the Company. Such shares are to be purchased from time to time in the open market or in private transactions, as conditions warrant. In May 1997, the Board authorized additional authority which allows for the purchase, from time to time, of the Convertible Preferred Stock, not to exceed an aggregate purchase cost of $25,000.

Under the share repurchase program, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 1998	1997
Convertible Preferred Stock:		
Shares	0.4	1.5
Cost	$ 146	617
Excess carrying amount (a)	$ 23	108

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1998, the Company had remaining authority to purchase over time 1,000 shares of Pittston Minerals Group Common Stock and an additional $24,236 of its Convertible Preferred Stock. The remaining aggregate purchase price limitation for all common stock was $24,698 at December 31, 1998. The authority to acquire shares remains in effect in 1999.

In 1998, 1997 and 1996, dividends paid on the Convertible Preferred Stock amounted to $3,547, $3,589, and $3,795, respectively. During 1998 and 1997, the Board declared and the Company paid dividends of $1,969 and $5,176 on Minerals Stock, respectively.

The Company's Articles of Incorporation limits dividends on Minerals Stock to the lesser of (i) all funds of the Company legally available therefore (as prescribed by Virginia law) and (ii) the Available Minerals Dividend Amount (as defined in the Articles of Incorporation). The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the

Convertible Preferred Stock, and foreign currency translation losses. At December 31, 1998, the Available Minerals Dividend Amount was at least $8,123. See the Company's consolidated financial statements and related footnotes. Subject to these limitations, the Company's Board, although there is no requirement to do so, intends to declare and pay dividends on the Minerals Stock based primarily on the earnings, financial condition, cash flow and business requirements of the Minerals Group. See Note 23.

In December 1992, the Company formed The Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock (initially 4,000 shares) to fund obligations under certain employee benefit programs not including stock option plans. The trust first began funding obligations under the Company's various stock option plans in September 1995. In November 1998, the Company sold for a promissory note of the Trust, 800 new shares of Minerals Stock at a price equal to the closing value of the stock on the date prior to issuance. As of December 31, 1998, 766 shares of Minerals Stock (232 in 1997) remained in the Trust, valued at market. These shares will be voted by the Trustee in the same proportion as those voted by the Company's employees participating in the Company's Savings Investment Plan. The fair market value of the shares is included in common stock and capital in excess of par.

13. COAL JOINT VENTURE

The Minerals Group, through a wholly owned indirect subsidiary of the Company, has a partnership agreement, Dominion Terminal Associates ("DTA"), with three other coal companies to operate coal port facilities in Newport News, Virginia, in the Port of Hampton Roads (the "Facilities"). The Facilities, in which the Minerals Group has a 32.5% interest, have an annual throughput capacity of 22 million tons, with a ground storage capacity of approximately 2 million tons. The Facilities financing is provided by a series of coal terminal revenue refunding bonds issued by the Peninsula Ports Authority of Virginia (the "Authority"), a political subdivision of the Commonwealth of Virginia, in the aggregate principal amount of $132,800, of which $43,160 are attributable to the Company. These bonds bear a fixed interest rate of 7.375%. The Authority owns the Facilities and leases them to DTA for the life of the bonds, which mature on June 1, 2020. DTA may purchase the Facilities for one dollar at the end of the lease term. The obligations of the partners are several, and not joint.

Under loan agreements with the Authority, DTA is obligated to make payments sufficient to provide for the timely payment of the principal and interest on the bonds. Under a throughput and handling agreement, the Minerals Group has agreed to make payments to DTA that in the aggregate will provide DTA with sufficient funds to make the payments due under the loan agreements and to pay the Minerals Group's share of the operating costs of the Facilities. The Company has also unconditionally guaranteed the payment of the principal and premium, if any, and the interest on the bonds. Payments for operating costs aggregated $3,168 in 1998, $4,691 in 1997 and $5,208 in 1996. The Minerals Group has the right to use 32.5% of the throughput and storage capacity of the Facilities subject to user rights of third parties which pay the Minerals Group a fee. The Minerals Group pays throughput and storage charges based on actual usage at per ton rates determined by DTA.

14. LEASES

The Minerals Group's businesses lease coal mining and other equipment under long-term operating and capital leases with varying terms. Most of the operating leases contain renewal and/or purchase options.

As of December 31, 1998, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Facilities	Equipment & Other	Total
1999	$ 483	12,759	13,242
2000	304	10,911	11,215
2001	253	8,020	8,273
2002	171	4,223	4,394
2003	--	1,773	1,773
2004	--	74	74
2005	--	46	46
2006	--	--	--
Later Years	--	--	--
Total	$ 1,211	37,806	39,017

These amounts are net of aggregate future minimum noncancellable sublease rentals of $705. Almost all of the above amounts related to equipment are guaranteed by the Company.

Net rent expense amounted to $17,327 in 1998, $21,912 in 1997 and $24,236 in 1996.

The Minerals Group incurred capital lease obligations of $839 in 1998, $624 in 1997 and $1,031 in 1996. As of December 31, 1998, the Minerals Group's obligations under capital leases were not significant.

15. EMPLOYEE BENEFIT PLANS

The Minerals Group's businesses participate in the Company's noncontributory defined benefit pension plans covering substantially all nonunion employees who meet certain minimum requirements. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The Minerals Group's pension cost is actuarially determined based on its employees and an allocable share of the pension plan assets. The Company's policy is to fund the actuarially determined amounts necessary to provide

assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations.

The net pension credit for 1998, 1997 and 1996 for the Minerals Group is as follows:

	Years Ended December 31		
	1998	1997	1996
Service cost-benefits earned during year	$ 4,073	3,626	3,561
Interest cost on projected benefit obligation	11,843	11,340	9,921
Return on assets-expected	(20,214)	(18,437)	(16,930)
Other amortization, net	1,675	1,334	2,323
Net pension credit	$ (2,623)	(2,137)	(1,125)

The assumptions used in determining the net pension credit for the Company's primary pension plan were as follows:

	1998	1997	1996
Interest cost on projected benefit obligation	7.5%	8.0%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Rate of increase in compensation levels	4.0%	4.0%	4.0%

Reconciliations of the projected benefit obligations, plan assets, funded status and prepaid pension expense at December 31, 1998 and 1997 are as follows:

	Years Ended December 31	
	1998	1997
Projected benefit obligation at beginning of year	$161,650	138,026
Service cost-benefits earned during the year	4,073	3,626
Interest cost on projected benefit obligation	11,843	11,340
Benefits paid	(9,929)	(9,258)
Actuarial loss	16,146	17,916
Projected benefit obligation at end of year	183,783	161,650
Fair value of plan assets at beginning of year	234,616	204,577
Return on assets - actual	33,528	39,242
Employer contributions	89	55
Benefits paid	(9,929)	(9,258)
Fair value of plan assets at end of year	258,304	234,616
Funded status	74,521	72,966
Unrecognized experience loss	9,762	8,585
Unrecognized prior service cost	212	232
Net pension assets	$84,495	81,783
Current pension liabilities	2,402	2,042
Deferred pension assets per the balance sheet	$ 86,897	83,825

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 7.0% in 1998 and 7.5% in 1997. The expected long-term rate of return on assets was 10% in both years. The rate of increase in compensation levels used was 4% in 1998 and 1997.

The unrecognized initial net asset at January 1, 1986, the date of adoption of SFAS No. 87, has been amortized over the estimated remaining average service life of the employees.

Under the 1990 collective bargaining agreement with the United Mine Workers of America ("UMWA"), the Minerals Group agreed to make payments at specified contribution rates for the benefit of the UMWA employees. The trustees of the UMWA pension fund contested the agreement and brought action against the Company. While the case was in litigation, Minerals Group's benefit payments were made into an escrow account for the benefit of union employees. During 1996, the case was settled and the escrow funds were released (Note 19). As a result of the settlement, the Coal subsidiaries agreed to continue their participation in the UMWA 1974 pension plan at defined contribution rates. Under this plan, expense recognized in 1998, 1997 and 1996 was $574, $1,128 and

$1,204, respectively.

The Minerals Group also provides certain postretirement health care and life insurance benefits for eligible active and retired employees in the United States.

For the years 1998, 1997 and 1996, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31		
	1998	1997	1996
Service cost-benefits earned during year	$ 878	1,349	1,810
Interest cost on accumulated post-retirement benefit obligation	21,917	21,648	19,752
Amortization of losses	2,929	1,393	1,128
Total expense	$ 25,724	24,390	22,690

The actuarially determined and recorded liabilities for the following postretirement benefits have not been funded. Reconciliations of the accumulated postretirement benefit obligations, funded status and accrued postretirement benefit cost at December 31, 1998 and 1997 are as follows:

	Years Ended December 31 1998	1997
Accumulated postretirement benefit obligation at beginning of year	$ 307,127	280,940
Service cost-benefits earned during the year	878	1,349
Interest cost on accumulated postretirement benefit obligation	21,917	21,648
Benefits paid	(18,453)	(18,861)
Actuarial loss	17,165	22,051
Total accumulated postretirement benefit obligation at end of year	$ 328,634	307,127
Accumulated postretirement benefit obligation at end of year-retirees	$ 280,596	253,434
Accumulated postretirement benefit obligation at end of year-active participants	48,038	53,693
Total accumulated postretirement benefits obligation at end of year	$ 328,634	307,127
Funded status	$ (328,634)	(307,127)
Unrecognized experience loss	78,614	64,378
Accrued postretirement benefit cost at end of year	$ (250,020)	(242,749)

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.0% in 1998 and 7.5% in 1997. The assumed health care cost trend rate used in 1998 was 6.62% for pre-65 retirees, grading down to 5% in the year 2001. For post-65 retirees, the assumed trend rate in 1998 was 5.95%, grading down to 5% in the year 2001. The assumed medicare cost trend rate used in 1998 was 5.73%, grading down to 5% in the year 2001.

A percentage point increase each year in the assumed health care cost trend rate used would have resulted in an increase of approximately $3,200 in the aggregate service and interest components of expense for the year 1998, and an increase of approximately $37,800 in the accumulated postretirement benefit obligation at December 31, 1998.

A percentage point decrease each year in the assessed health care cost rend rate would have resulted in a decrease of approximately $3,000 in the aggregate service and interest components of expense for the year 1998 and a decrease of approximately $35,500 in the accumulated postretirement benefit obligation at December 31, 1998.

The Minerals Group also participates in the Company's Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 50% to 100% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $993 in 1998, $993 in 1997 and $1,004 in 1996.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which "signatory operators" and "related persons", including the Company and certain of its subsidiaries (collectively, the "Pittston Companies"), are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share for certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1998, 1997 and 1996, these amounts, on a pretax basis, were approximately $9,600, $9,300 and $10,400, respectively. The Company currently estimates that the annual liability under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10,000 per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

As a result of legal developments in 1998 involving the Health Benefit Act, the Company experienced an increase in its assessments under the Health Benefit Act for the twelve month period beginning October 1, 1998, approximating $1,700, $1,100 of which relates to retroactive assessments for years prior to 1998. This increase consists of charges for death benefits which are provided for by the Health Benefit Act, but which previously have been covered by other funding sources. As with all the Company's Health Benefit Act assessments, this amount is to be paid in 12 equal monthly installments over the plan year beginning October 1, 1998. The Company is unable to determine at this time whether any other additional amounts will apply in future plan years.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' remaining beneficiaries at approximately $216,000, which when discounted at 7.0% provides a present value estimate of approximately $99,000. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and the annual cost is recognized on a pay-as-you-go basis.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain post-retirement health benefits for thousands of retired union mine workers and their dependents. Substantially all of the Minerals Group's accumulated post-retirement benefit obligation as of December 31, 1998 for retirees of $280,596 relates to such retired workers and their beneficiaries.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of the health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined.

16. RESTRUCTURING AND OTHER (CREDITS) CHARGES, INCLUDING LITIGATION ACCRUAL

Refer to Note 19 for a discussion of the benefit of the reversal of a litigation accrual related to the Evergreen case of $35,650 in 1996.

At December 31, 1998, Pittston Coal had a liability of $25,213 for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Pittston Coal will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted, at December 31, 1998, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions, Pittston Coal reversed $11,649 of the reserve in 1996. As a result of favorable workers' compensation claim developments, Pittston Coal reversed $1,479 and $3,104 in 1998 and 1997, respectively. The 1996 reversal included $4,778 related to estimated mine and plant closures, primarily reclamation, and $6,871 in employee severance and other benefit costs.

The following table analyzes the changes in liabilities during the last three years for facility closure costs recorded as restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1995	$ 1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (a)	842	5,499	3,921	10,262
Other reductions (b)	--	6,267	--	6,267
Balance December 31, 1996	376	12,439	25,285	38,100
Reversals	--	--	3,104	3,104
Payments (c)	376	1,764	2,010	4,150
Other	--	468	(468)	--
Balance December 31, 1997	$ --	11,143	19,703	30,846
Reversals	--	--	1,479	1,479
Payments (d)	--	1,238	1,917	3,155
Other reductions (b)	--	999	--	999
Balance December 31, 1998	$ --	8,906	16,307	25,213

(a) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993 and $4,658 was for liabilities recorded in 1994.

(b) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.

(c) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.

(d) Of the total payments made in 1998, $2,491 was for liabilities recorded in years prior to 1993, $10 was for liabilities recorded in 1993 and $654 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately \$3,000 to \$5,000. The liability for mine and plant closure costs is expected to be satisfied over the next eight years, of which approximately 34% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to eight years.

17. OTHER OPERATING INCOME

Other operating income generally includes royalty income, gains on sales of assets and litigation settlements.

18. SEGMENT INFORMATION

The Minerals Group implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods.

The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information.

The Minerals Group includes two business units: Pittston Coal and Mineral Ventures. These two business units are made up of three reportable segments as follows: Coal Operations, Allied Operations and Mineral Ventures. Management has determined these reportable segments based on how resources are allocated and how operational decisions are made. Segment performance is evaluated based on operating profit, excluding corporate allocations. See Note 2 for a description of such allocations. The Coal Operations segment primarily includes the coal mining business of Pittston Coal. Pittston Coal produces and markets low sulphur steam coal used for the generation of electricity and high quality metallurgical coal for steel production worldwide. The Allied Operations segment within Pittston Coal primarily includes results of the timber and natural gas businesses. The Mineral Ventures segment primarily includes the gold mining business at Stawell mine.

Geographic revenues and long-lived assets are based on the location of the entity providing the product and the location of the asset, respectively.

Net sales by operating segment are as follows:

	Years Ended December 31		
	1998	1997	1996
Pittston Coal:			
Coal Operations	$ 495,303	604,140	670,121
Allied Operations	7,999	8,767	7,272
Total Pittston Coal	503,302	612,907	677,393
Mineral Ventures	15,333	17,719	19,120
Total net sales (a)	$ 518,635	630,626	696,513

(a) Includes US revenues of $503,302, $612,907 and $677,393 in 1998, 1997 and 1996, respectively.

The Minerals Group's portion of the Company's operating profit is as follows:

	Years Ended December 31		
	1998	1997	1996
Pittston Coal:			
Coal Operations (a)	$ (3,581)	5,274	13,131
Allied Operations	6,788	6,943	6,903
Total Pittston Coal	3,207	12,217	20,034
Mineral Ventures (b)	(1,031)	(2,070)	1,619
Minerals Group's segment operating profit	2,176	10,147	21,653
Corporate expenses allocated to the Minerals Group	(8,316)	(5,988)	(6,555)
Total operating profit (loss)	$ (6,140)	4,159	15,098

(a) Operating profit includes a benefit from restructuring and other credits, including litigation accrual aggregating $1,479, $3,104 and $47,299 in 1998, 1997 and 1996, respectively (Note 16). Operating profit in 1996 also includes a charge of $29,948 related to the adoption of FAS 121 (Note 1).

(b) Includes equity in net income (loss) of unconsolidated affiliates of $438 in 1998, ($671) in 1997 and $302 in 1996.

The Minerals Group's portion of the Company's assets at year end is as follows:

	As of December 31		
	1998	1997	1996

Pittston Coal:			
Coal Operations	$ 513,385	536,572	582,540
Allied Operations	15,083	13,004	12,232
Total Pittston Coal	528,468	549,576	594,772
Mineral Ventures (a)	18,733	20,432	22,826
Minerals Group's portion of corporate assets	94,263	84,174	89,383
Total assets (b)	$ 641,464	654,182	706,981

(a) Includes investments in unconsolidated equity affiliates of $5,034, $6,349 and $8,408 in 1998, 1997 and 1996, respectively.

(b) Includes long-lived assets (property, plant and equipment) located in the US of $142,155, $161,817 and $160,259 in 1998, 1997 and 1996, respectively.

Other segment information is as follows:

	As of December 31 1998	1997	1996
CAPITAL EXPENDITURES:			
Pittston Coal:			
Coal Operations	$ 17,805	20,306	17,416
Allied Operations	3,416	1,979	1,465
Total Pittston Coal Company	21,221	22,285	18,881
Mineral Ventures	4,282	4,544	3,714
Allocated general corporate	175	184	1,785
Total capital expenditures	$ 25,678	27,013	24,380
DEPRECIATION, DEPLETION AND AMORTIZATION:			
Pittston Coal:			
Coal Operations	$32,053	34,303	33,675
Allied Operations	1,219	1,048	957
Total Pittston Coal	33,275	35,351	34,632
Mineral Ventures	2,735	1,968	1,856
Allocated general corporate expense	206	196	136
Total depreciation, depletion and Amortization	$ 36,216	37,515	36,624

	At December 31 1998	1997	1996
Long-Lived Assets:			
United States	$ 142,155	161,817	160,259
Australia	9,296	8,366	8,372
Total long-lived assets	$ 151,451	170,183	168,631

In 1998, 1997 and 1996, net sales to one customer of the Coal segment amounted to approximately $140,000, $178,000 and $150,000, respectively.

19. LITIGATION

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1993. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,600 and $11,200 and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District of New Jersey, seeking a declaratory judgement that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these agreements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Minerals Group's results of operations or financial position.

In 1988, the trustees of the 1950 Benefit Trust Funds and the 1974 Pension Benefit Trust Fund (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. The Company recognized in 1993 in its financial statements for the Minerals Group the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case (Notes 15 and 16).

In late March 1996 a settlement was reached in the Evergreen Case. Under the terms of the settlement, the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25,800 upon dismissal of the Evergreen

Case and the remainder of $24,000 in installments of $7,000 in 1996 and $8,500 in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second, third and fourth (last) payments of $7,000 and $8,500 were paid according to schedule and were funded by cash flows from operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan.

As a result of the settlement of these cases at an amount lower than previously accrued, the Company and the Minerals Group recorded a pretax gain of $35,650 ($23,173 after-tax) in the first quarter of 1996 in its financial statements.

20. COMMITMENTS

At December 31, 1998, the Minerals Group had contractual commitments for third parties to contract mine or provide coal to the Minerals Group. Based on the contract provisions these commitments are currently estimated to aggregate approximately $202,033 and expire from 1999 through 2005 as follows:

1999	$ 60,563
2000	38,186
2001	38,036
2002	38,036
2003	13,814
2004	7,656
2005	5,742

Spending under the contracts was $72,086 in 1998, $91,119 in 1997 and $99,161 in 1996.

21. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1998, 1997, and 1996, there were net cash tax refunds of $20,983, $25,891 and $29,324, respectively.

For the years ended December 31, 1998, 1997 and 1996, cash payments for interest were $9,946, $10,575 and $10,746, respectively.

22. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1998 and 1997. The first three quarters of 1997 net income per share amounts have been restated to comply with SFAS No. 128, "Earnings Per Share."

	1st	2nd	3rd	4th
1998 QUARTERS:				
Net sales	$ 149,898	134,408	126,567	107,762
Gross profit (loss)	5,734	1,130	1,419	(3,442)
Net income (loss) (a)	(1,243)	(797)	2,038	45
Net income (loss) per Minerals Group common share:				
Basic (a)	$ (.26)	(.20)	.14	(.10)
Diluted	(.26)	(.20)	.14	(.10)
1997 QUARTERS:				
Net sales	$ 158,883	157,812	150,998	162,933
Gross profit	5,471	3,976	6,660	5,494
Net income (loss) (a)	947	(1,163)	972	3,472
Net income (loss) per Minerals Group common share:				
Basic (a)	$ .01	(.26)	.02	.32
Diluted	.01	(.26)	.02	.32

(a) The fourth quarters of 1998 and 1997 include the reversal of excess restructuring liabilities of $1,479 ($961 after-tax; $0.11 per share) and $3,104 ($2,018 after-tax; $0.25 per share), respectively.

23. SUBSEQUENT EVENT

Effective March 15, 1999, under the Company's preferred share purchase program, the Company purchased 84 shares of the Convertible Preferred Stock for $250 per share at a total cost approximating $21,000. The excess of the carrying amount over the cash paid for the repurchase was approximately $19,000. In addition, on March 12, 1999, the Board authorized an increase in the remaining authority to repurchase Convertible Preferred Stock by $4,300.

As discussed in Note 12, the Available Minerals Dividend Amount is impacted by activity that affects shareholders' equity or the fair value of net assets of the Minerals Group. The purchase amount noted above reduces the Available Minerals Dividend Amount as currently calculated. Accordingly, the purchase of the Convertible Preferred Stock plus recent financial performance of the Minerals Group is expected to significantly reduce or eliminate the ability to pay dividends on the Minerals Group Common Stock.

The Pittston Company and Subsidiaries

SELECTED FINANCIAL DATA

FIVE YEARS IN REVIEW (In thousands, except per share amounts)	1998	1997	1996	1995	1994
SALES AND INCOME (a):					
Net sales and operating revenues	$ 3,746,882	3,394,398	3,091,195	2,914,441	2,667,275
Net income (b)	66,056	110,198	104,154	97,972	26,897
FINANCIAL POSITION (a):					
Net property, plant and equipment	$ 849,883	647,642	540,851	486,168	445,834
Total assets	2,331,137	1,995,944	1,832,603	1,807,372	1,737,778
Long-term debt, less current maturities	323,308	191,812	158,837	133,283	138,071
Shareholders' equity	736,028	685,618	606,707	521,979	447,815
AVERAGE COMMON SHARES OUTSTANDING (c), (d):					
Pittston Brink's Group basic	38,713	38,273	38,200	37,931	37,784
Pittston Brink's Group diluted	39,155	38,791	38,682	38,367	38,192
Pittston BAX Group basic	19,333	19,448	19,223	18,966	18,892
Pittston BAX Group diluted	19,333	19,993	19,681	19,596	19,436
Pittston Minerals Group basic	8,324	8,076	7,897	7,786	7,594
Pittston Minerals Group diluted	8,324	8,102	9,884	10,001	7,594
COMMON SHARES OUTSTANDING (c):					
Pittston Brink's Group	40,961	41,130	41,296	41,574	41,595
Pittston BAX Group	20,825	20,378	20,711	20,787	20,798
Pittston Minerals Group	9,186	8,406	8,406	8,406	8,390
PER PITTSTON BRINK'S GROUP COMMON SHARE (c), (d):					
Basic net income (b)	$ 2.04	1.92	1.56	1.35	1.10
Diluted net income (b)	2.02	1.90	1.54	1.33	1.09
Cash dividends	.10	.10	.10	.09	.09
Book value (f)	11.87	9.91	8.21	6.81	5.70
PER PITTSTON BAX GROUP COMMON SHARE (c), (d):					
Basic net income (loss)	(0.68)	1.66	1.76	1.73	2.03
Diluted net income (loss)	(0.68)	1.62	1.72	1.68	1.97
Cash dividends	.24	.24	.24	.22	.22
Book value (f)	15.83	16.59	15.70	14.30	12.74
PER PITTSTON MINERALS GROUP COMMON SHARE (c), (d):					
Basic net income (loss) (e)	$ (0.42)	0.09	1.14	1.45	(7.50)
Diluted net income (loss) (e)	(0.42)	0.09	1.08	1.40	(7.50)
Cash dividends (g)	.24	.65	.65	.65	.65
Book value (f)	(9.50)	(8.94)	(8.38)	(9.46)	(10.74)

(a) See Management's Discussion and Analysis for a discussion of Brink's acquisitions, BAX Global's additional expenses and special consulting costs and Pittston Coal's disposition of assets.

(b) As of January 1, 1992, Brink's Home Security, Inc. ("BHS") elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase income before cumulative effect of accounting changes and net income of the Company and the Brink's Group by $3,852 or $0.10 per basic and diluted share of Brink's Stock in 1998, $3,213 in 1997, $2,723 in 1996, $2,720 in 1995 and $2,486 in 1994. The net income per basic and diluted share impact for 1994 through 1996 was $0.07 and for 1997 was $0.08.

(c) All share and per share data presented reflects the completion of the Brink's Stock Proposal which occurred on January 18, 1996.

Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust. For the Pittston Brink's Group (the "Brink's Group"), such shares totaled 2,076 shares, 2,734 shares, 3,141 shares, 3,553 shares and 3,779 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. For the Pittston BAX Group (the "BAX Group"), such shares totaled 1,858 shares, 868 shares, 1,280 shares, 1,777 shares and 1,890 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. For the Pittston Minerals Group (the "Minerals Group"), such shares totaled 766 shares, 232 shares, 424 shares, 594 shares and 723 shares at December 31, 1998, 1997, 1996, 1995 and 1994, respectively. Average shares outstanding do not include these shares.

The initial dividends on Brink's Stock and BAX Stock were paid on March 1, 1996. dividends paid by the Company on Services Stock have been attributed to the Brink's Group and the BAX Group in relation to the initial dividends paid on the Brink's and BAX Stocks.

(d) The net income per share amounts prior to 1997 have been restated, as required, to comply with Statement of Financial Accounting Standards No. 128, "Earnings Per Share." For further discussion of net income per share, see Note 8 to the Financial Statements.

(e) For the year ended December 31, 1994, diluted net income per share is considered to be the same as basic since the effect of stock options and the assumed conversion of preferred stock was antidilutive.

(f) Calculated based on shareholder's equity, excluding amounts attributable to preferred stock, and on the number of shares outstanding at the end of the period excluding shares outstanding under the Company's Employee Benefits Trust.

(g) Cash dividends per share reflect a per share dividend of $.1625 declared in the first quarter of 1998 (based on an annual rate of $.65 per share) and three per share dividends of $.025 declared in each of the following 1998 quarters (based on an annual rate of $.10 per share).

The Pittston Company and Subsidiaries

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Years Ended December 31 (in thousands)	1998	1997	1996
Net sales and operating revenues:			
Brink's	$ 1,247,681	921,851	754,011
BHS	203,586	179,583	155,802
BAX Global	1,776,980	1,662,338	1,484,869
Pittston Coal	503,302	612,907	677,393
Mineral Ventures	15,333	17,719	19,120
Net sales and operating revenues	$ 3,746,882	3,394,398	3,091,195
Operating profit (loss):			
Brink's	$ 98,420	81,591	56,823
BHS	53,032	52,844	44,872
BAX Global	(628)	63,264	64,604
Pittston Coal	3,207	12,217	20,034
Mineral Ventures	(1,031)	(2,070)	1,619
Segment operating profit	153,000	207,846	187,952
General corporate expense	(27,857)	(19,718)	(21,445)
Operating profit	$ 125,143	188,128	166,507

The Pittston Company (the "Company") reported net income of $66.1 million in 1998 compared with net income of $110.2 million in 1997. Revenues in 1998 increased $352.5 million (10%) compared to 1997. Operating profit totaled $125.1 million in 1998, a decrease of $63.0 million over the prior year. Operating profit in 1998 included approximately $36 million of additional expenses at BAX Global which related to the termination or rescoping of certain information technology projects, increased provisions on existing accounts receivable and other costs primarily related to severance expenses associated with BAX Global's redesign of its organizational structure. Net income in 1998 benefited from increased operating results at the Company's Brink's, Incorporated ("Brink's"), Brink's Home Security, Inc. ("BHS") and Pittston Mineral Ventures ("Mineral Ventures") businesses. These increases were more than offset by lower operating results at the Company's BAX Global Inc. ("BAX Global") and Pittston Coal Company ("Pittston Coal") businesses, and by higher corporate expenses.

Net income for the Company for 1997 was $110.2 million compared with $104.2 million for 1996. Revenues in 1997 increased $303.2 million (10%) compared to 1996. Operating profit totaled $188.1 million for 1997, compared with $166.5 million for 1996. Net income and operating profit for 1996 included three significant items which impacted Pittston Coal: a benefit from the settlement of the Evergreen case at an amount lower than previously accrued ($35.7 million or $23.2 million after-tax), a charge related to a new accounting standard regarding the impairment of long-lived assets ($29.9 million or $19.5 million after-tax) and the reversal of excess restructuring liabilities ($11.7 million or $7.6 million after-tax). Net income in 1997 benefited from increased operating profits at Brink's and BHS, partially offset by lower operating results at BAX Global, Pittston Coal and Mineral Ventures.

The following is a discussion of the operating results for Pittston's five segments: Brink's, BHS, BAX Global, Pittston Coal and Mineral Ventures.

BRINK'S

Brink's worldwide consolidated revenues totaled $1.2 billion in 1998 compared to $921.9 million in 1997, a 35% increase. Brink's 1998 operating profit of $98.4 million represented a 21% increase over the $81.6 million of operating profit reported in 1997.

The increase in Brink's worldwide revenues and operating profits in 1998 as compared to 1997 primarily reflects growth in North America and Europe. North America experienced continued strong performance of its armored car business, which includes ATM services. The increase in European revenue was primarily due to the acquisition of substantially all of the remaining shares (62%) of the Brink's affiliate in France in the first quarter of 1998 (discussed below) and its subsidiary in Germany (50%) in the second quarter of 1998. The increase in European operating profits primarily reflects improved results from operations in France, as well as the increased ownership. Operating results during 1998 were negatively impacted by lower profits from Latin America primarily due to an equity loss from Brink's affiliate in Mexico and costs associated with start-up operations in Argentina.

Brink's worldwide consolidated revenues totaled $921.9 million in 1997 compared to $754.0 million in 1996, a 22% increase. Brink's 1997 operating profit of $81.6 million represented a 44% increase over the $56.8 million of operating profit reported in 1996.

The increase in Brink's worldwide revenues in 1997 over 1996 reflects growth across all geographic regions while operating profit increases in 1997 reflect improved results in all regions except Asia/Pacific. Increases in revenues and operating profits in North America were due to strong performance in most product lines. The improvement in European revenues and operating profits in 1997 was due to strong results in most European countries, partially offset by lower results from the then 38% owned affiliate in France. Increases in revenues and operating profit in Latin America were primarily due to the consolidation of the results of Brink's Venezuelan subsidiary,

Custodia y Traslado de Valores, C.A. ("Custravalca"), where Brink's increased its ownership from 15% to 61% in January 1997.

BHS

Revenues for BHS increased by $24.0 million (13%) to $203.6 million in 1998 from $179.6 million in 1997. Revenues in 1997 were $23.8 million (15%) higher than the $155.8 million earned in 1996. The increase in revenues in both years was predominantly the result of higher ongoing monitoring and service revenues caused by growth of the subscriber base (14% in 1998 and 15% in 1997), as well as higher average monitoring fees. As a result of such growth, monthly recurring revenues grew 17% and 21%, in the 1998 and 1997 periods, respectively. Installation revenue for 1998 and 1997 decreased 4% and 3%, respectively, over the earlier year. While the number of new security system installations increased, the revenue per installation decreased in response to continuing competitive pricing pressures.

Operating profit increased $0.2 million and $8.0 in 1998 and 1997, respectively, as compared to a year earlier. The increase in 1997 operating profit over that of 1996 includes an $8.9 million reduction in depreciation expense resulting from a change in estimate (discussed below.) Operating profit in both 1998 and 1997 was favorably impacted by the monitoring and servicing revenue increases mentioned above. However, this benefit was largely offset by upfront marketing and sales costs incurred and expensed in connection with obtaining new subscribers, combined with lower levels of installation revenue. Both of these factors are a consequence of the continuing competitive environment in the residential security market. Management expects to slow the relative increase of these upfront costs during 1999 through intensified focus on marketing and sales efficiencies.

It is BHS' policy to depreciate capitalized subscriber installation expenditures over the estimated life of the security system based on subscriber retention percentages. BHS initially developed its annual depreciation rate based on information about subscriber retention which was available at the time. However, accumulated historical data about actual subscriber retention has indicated that subscribers remained active for longer periods of time than originally estimated. Therefore, in order to reflect the higher demonstrated retention of subscribers, and to more accurately match depreciation expense with monthly recurring revenue generated from active subscribers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscriber installation costs. BHS will continue its practice of charging the remaining net book value of all capitalized subscriber installation expenditures to depreciation expense as soon as a system is identified for disconnection. This change in estimate reduced depreciation expense for capitalized installation costs in 1997 by $8.9 million.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel and costs incurred in maintaining facilities and vehicles dedicated to the installation process. The effect of this change in accounting principle was to increase operating profit for the Brink's Group and the BHS segment for 1998, 1997 and 1996 by $6.1 million, $4.9 million and $4.5 million, respectively. The effect of this change increased diluted net income per common share of the Brink's Stock by $0.10 in 1998, $0.08 in 1997 and $0.07 in 1996.

BAX GLOBAL INC.

Operating revenues in 1998 increased by 7% to $1.8 billion from $1.7 billion in 1997. BAX Global's operating loss of $0.6 million in 1998 represented a decrease of $63.9 million from the operating profit of $63.3 million reported in 1997. Operating profit in 1998 was negatively impacted by the aforementioned additional expenses of approximately $36 million, which are discussed in more detail below. Operating profit in 1997 included $12.5 million related to consulting expenses for the redesign of BAX Global's business processes and new information systems architecture.

Operating revenues during 1998 increased across all geographic regions. Operating revenues in 1998 benefited from increases in non-expedited freight services revenue which was due to the growth of supply chain management services (formerly "logistics") abroad, along with revenues from a recently acquired airline company discussed below. In addition, expedited freight services revenues increased due to a 4% increase in pounds shipped, partially offset by a 2% decrease in yield on this volume in 1998 as compared to 1997. Lower average yields in 1998 were a function of the higher average pricing in 1997, as well as the negative impact of economic conditions in Asia resulting in less export traffic in 1998 to the higher yielding Asian markets. Pricing in 1997 was favorably impacted by shipment surcharges, as well as higher average pricing in the USA due, in part, to the effects of a strike at United Parcel Service (the "UPS Strike".)

In addition to the aforementioned additional expense of approximately $36 million, the operating loss in 1998 was negatively impacted by higher levels of transportation and operating costs in the USA associated with additional capacity in

anticipation of higher volumes, coupled with higher global information technology ("IT") costs including expenditures for Year 2000 initiatives. In addition, operating profit in 1997 included benefits from the UPS Strike.

Total operating revenues in 1997 increased by 12% to $1.7 billion from $1.5 billion in 1996. BAX Global's operating profit of $63.3 million in 1997 represented a decrease of $1.3 million from the operating profit of $64.6 million reported in 1996. Operating profit in 1997 included the previously mentioned $12.5 million of special consulting expenses.

Operating revenues in 1997 increased across all geographic regions due primarily to increases in worldwide expedited freight services pounds shipped (9%), combined with an overall increase (2%) in yield on this volume. Higher average yields were impacted by shipment surcharges, as well as higher average pricing in the USA from the effects of the UPS Strike. Increases in volumes were impacted by the UPS Strike and by increases in USA exports. In addition, revenues during 1997 reflect increases in supply chain management services, primarily the result of the acquisition of an international supply chain management provider, discussed below.

Operating profit in 1997 was favorably impacted by the UPS Strike and by improved margins on USA exports, while 1996 operating profit benefited from the reduction in US Federal excise tax liabilities. These benefits in 1997 were partially offset by higher transportation expenses in the USA associated with additional capacity designed to improve on-time customer service and $12.5 million of special consulting expenses.

During early 1997, BAX Global began an extensive review of the company's IT strategy. Through this review, senior management from around the world developed a new global strategy to improve business processes with an emphasis on new information systems intended to enhance productivity and improve the company's competitive position, as well as address and remediate the company's Year 2000 compliance issues. The company ultimately committed up to $120 million to be spent from 1997 to early 2000 to improve information systems and complete Year 2000 initiatives.

However, in conjunction with priorities established by BAX Global's new president and chief executive officer, who joined the company in June 1998, senior management re-examined its global IT strategy. It was determined that the critical IT objectives to be accomplished by the end of 1999 were Year 2000 compliance and the consolidation and integration of certain key operating and financial systems, supplemented by process improvement initiatives to enhance these efforts. As a result of this re-examination, senior management determined that certain non-critical, in-process IT software development projects that were begun in late 1997 under the BAX Process Innovation ("BPI") project would be terminated. Therefore, costs relating to these projects, which had previously been capitalized, were written off during the third quarter of 1998. Also as a result of this re-examination, certain existing software applications were found to have no future service potential or value. The combined carrying amount of these assets, which were written off, approximated $16 million. It is management's belief at this time that the current ongoing information technology initiatives that originated from the previously mentioned BPI project are necessary and will be successfully completed and implemented. Such costs are included in selling, general and administrative expenses in the statement of operations for the year ended December 31, 1998.

BAX Global recorded additional provisions aggregating approximately $13 million in the third quarter of 1998 related to existing accounts receivable. These provisions were needed primarily as the result of the deterioration of the economic and operating environments in certain international markets, primarily Asia/Pacific and Latin America. As a result of a comprehensive review of accounts receivables, undertaken in response to that deterioration, such accounts receivable were not considered cost effective to pursue further and/or improbable of collection. The majority of the additional provisions were included in selling, general and administrative expenses in the statement of operations.

During the third quarter of 1998, BAX Global recorded severance and other expenses of approximately $7 million. The majority of these expenses related to an organizational realignment proposed by newly elected senior management which included a resource streamlining initiative that required the elimination, consolidation or restructuring of approximately 180 employee positions. The positions reside primarily in the USA and in BAX Global's Atlantic region and include administrative and management-level positions. The estimated costs of severance benefits for terminated employees are expected to be paid through mid-1999. At this time management has no plans to institute further organizational changes which would require significant costs related to involuntary terminations. The related charge has been included in selling, general and administrative expenses in the statement of operations for the year ended December 31, 1998.

The recent deterioration of economic conditions primarily in Latin America and Asia/Pacific have impacted the financial results of BAX Global through the accrual of additional provisions for receivables in those regions in the second, third and fourth quarters of 1998. The potential for further deterioration of the economies in those regions could negatively impact the company's results of operations in the future.

On April 30, 1998, BAX Global acquired the privately held Air Transport International LLC ("ATI") for approximately $29 million in a transaction accounted for as a purchase. ATI is a US-based

freight and passenger airline which operates a certificated fleet of DC-8 aircraft providing services to BAX Global and other customers. The ATI acquisition is part of BAX Global's strategy to improve the quality of its service offerings for its customers by increasing its control over flight operations. As a result of this transaction, BAX Global suspended its efforts to start up its own certificated airline carrier operations.

In June 1997, BAX Global completed its acquisition of Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands. BAX Global acquired Cleton for the equivalent of US $10.7 million in cash and the assumption of the equivalent of US $10.0 million of debt. Additional contingent payments ranging from the current equivalent of US $0 to US $3.0 million will be paid over the next two years based on certain performance criteria of Cleton.

PITTSTON COAL

Net sales for 1998 amounted to $503.3 million compared to $612.9 million in 1997, a decrease of $109.6 million (18%). Operating profit of $3.2 million in 1998 represented a $9.0 million decrease (74%) from the $12.2 million operating profit reported in 1997. Operating loss in 1998 included the benefit of $1.5 million from the reversal of excess restructuring liabilities.

Net sales in 1998 were negatively impacted by a decrease of 3.7 million tons of coal sold (18%), primarily resulting from lower production levels caused by the disposition of certain steam coal producing assets discussed below. The disposition of these assets also created a change in the overall sales mix with steam coal sales representing 58% of total volume in 1998 as compared to 63% in 1997. This favorably impacted overall realization per ton as a higher percentage of sales were from metallurgical coal which generally has a higher realization per ton than steam coal. However, overall coal margin per ton decreased 6% from $2.23 per ton to $2.09 per ton due to the corresponding changes in the production mix which resulted in a greater proportion of deep mine production which is generally more costly, combined with a decrease in metallurgical coal margins. Metallurgical coal margins were negatively impacted by lower realizations per ton resulting from lower negotiated pricing with metallurgical contract customers caused by softened market conditions. Management does not anticipate a significant recovery of this market during 1999.

The change in operating profit during 1998 was primarily due to the negative impact of lower overall coal margin per ton. This was partially offset, however, by favorable impacts resulting from higher gains on sales of assets ($3.2 million, discussed below) and a gain on a litigation settlement ($2.6 million) recorded in 1998. Coal Operations anticipates that certain long-term benefit obligation costs will significantly increase in 1999.

Net sales for 1997 amounted to $612.9 million compared to $677.4 million in 1996, a decrease of $64.5 million (10%). Operating profit in 1997 of $12.2 million represented a $7.8 million decrease from the $20.0 million reported in 1996.

Net sales during 1997 decreased due to an 11% (2.5 million tons) decrease in the tons of coal sold, slightly offset by higher average realizations per ton. The reduction in tonnage was due to the expiration of certain long-term steam coal contracts coupled with reduced spot sales. Steam coal sales represented 63% and 65% of total volume in 1997 and 1996, respectively. Average steam realization per ton increased during 1998 due to price escalation provisions in existing long-term contracts, while the metallurgical coal realization per ton decreased due to lower average price settlements with metallurgical customers.

Operating profit in 1997 included a benefit of $3.1 million from the reversal of excess restructuring liabilities. Operating results in 1996 included a benefit of $35.7 million from the settlement of the Evergreen case at an amount lower than previously accrued in 1993 and a benefit from the reversal of excess restructuring liabilities of $11.7 million. These 1996 benefits were offset, in part, by a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets. The charge is included in cost of sales ($26.3 million) and selling, general and administrative expenses ($3.6 million). All three of these items are discussed in greater detail below.

After considering the above items, operating profit increased $6.4 million in 1997 primarily due to the higher level of coal margin per ton, which increased to $2.23 per ton in 1997 from $1.54 per ton in 1996. This was due to a combination of the increase in realization per ton discussed above and a decrease in the current production cost per ton of coal sold. Production costs in 1997 were favorably impacted by lower surface mine costs and decreases in employee benefit and reclamation liabilities. Offsetting the increase in coal margin was a decrease in other operating income which is due to the inclusion in 1996 of a one-time benefit of $3.0 million from a litigation settlement.

During 1998, Pittston Coal continued its program of disposing of idle and under-performing assets in order to improve overall returns, generate cash and reduce its reclamation activities. In connection with this, Pittston Coal disposed of certain assets and properties during 1998 that resulted in a net pre-tax gain of $3.2 million. In the second quarter of 1998, Pittston Coal sold a surface steam mine, coal supply contracts and limited coal reserves of its Elkay mining operation in West Virginia. The referenced mine produced approximately one million tons of steam coal in 1998 prior to cessation of operations in April 1998. Total cash proceeds from the sale approximated $18 million, resulting in a pre-tax loss of approximately $2.2 million. This loss includes approximately $2.0 million of inventory write-downs (included in cost of sales) related to coal which can no longer be blended with other coals produced from these disposed assets. In addition, during the third quarter of 1998, Pittston Coal sold two idle coal properties in West Virginia and a loading dock in Kentucky for a pre-tax gain totaling $5.4 million.

As earlier reported, Pittston Coal had begun to develop a major underground metallurgical coal mine on company-owned reserves in Virginia. Due to the previously discussed uncertainty in the metallurgical export market, the development of this mine has been delayed.

A controversy related to a method of mining called "mountaintop removal" that began in mid-1998 in West Virginia involving an unrelated party has resulted in a suspension in the issuance of several mining permits. Due to the broadness of the suspension, there has been a delay in Vandalia Resources, Inc., a wholly-owned subsidiary of the Company, being issued in a timely fashion a mine permit necessary for its uninterrupted mining. Vandalia Resources is actively pursuing the issuance of the permit, but the time frame of when, or if, the permit will be issued is currently unknown. In light of the inability to determine when, and if a permit will be issued, the effect of the delay in obtaining this permit cannot be predicted. During the year ended December 31, 1998, mining operations which are pursuing this permit produced approximately 2.7 million tons of coal resulting in revenues of approximately $81.8 million.

At December 31, 1998, Pittston Coal had a liability of $25.2 million for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Pittston Coal will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted, at December 31, 1998, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions, Pittston Coal reversed $11.7 million of the reserve in 1996. The 1996 reversal included $4.8 million related to estimated mine and plant closures, primarily reclamation, and $6.9 million in employee severance and other benefit costs. As a result of favorable workers' compensation claim development, Pittston Coal reversed $1.5 million and $3.1 million in 1998 and 1997, respectively.

The following table analyzes the changes in liabilities during the last three years for restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1995	$ 1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (a)	842	5,499	3,921	10,262
Other reductions (b)	--	6,267	--	6,267
Balance December 31, 1996	376	12,439	25,285	38,100
Reversals	--	--	3,104	3,104
Payments (c)	376	1,764	2,010	4,150
Other	--	468	(468)	--
Balance December 31, 1997	--	11,143	19,703	30,846
Reversals	--	--	1,479	1,479
Payments (d)	--	1,238	1,917	3,155
Other reductions (b)	--	999	--	999
Balance December 31, 1998	$ --	8,906	16,307	25,213

(a) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993 and $4,658 was for liabilities recorded in 1994.

(b) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.

(c) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.

(d) Of the total payments made in 1998, $2,491 was for liabilities recorded in years prior to 1993, $10 was for liabilities recorded in 1993 and $654 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $3.0 million to $5.0 million. The liability for mine and plant closure costs is expected to be satisfied over the next eight years, of which approximately 34% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to eight years.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which "signatory operators" and "related persons", including the Company and certain of its subsidiaries (collectively, the "Pittston Companies"), are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share for certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1998, 1997 and 1996, these amounts, on a pretax basis, were approximately $9.6 million, $9.3 million

and $10.4 million, respectively. The Company currently estimates that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10 million per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

As a result of legal developments in 1998 involving the Health Benefit Act, the Company experienced an increase in its assessments under the Health Benefit Act for the twelve month period beginning October 1, 1998, approximating $1.7 million, $1.1 million of which relates to retroactive assessments for years prior to 1998. This increase consists of charges for death benefits which are provided for by the Health Benefit Act, but which previously have been covered by other funding sources. As with all the Company's Health Benefit Act assessments, this amount is to be paid in 12 equal monthly installments over the plan year beginning October 1, 1998. The Company is unable to determine at this time whether any other additional amounts will apply in future plan years.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' beneficiaries remaining at December 31, 1998 at approximately $216 million, which when discounted at 7.0% provides a present value estimate of approximately $99 million. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and the annual cost is recognized on a pay-as-you-go basis.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain post-retirement health benefits for thousands of retired union mine workers and their dependents. Substantially all of the Company's accumulated post-retirement benefit obligation as of December 31, 1998 for retirees of $282.7 million relates to such retired workers and their beneficiaries.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined.

In 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Minerals Group recognized in their financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case.

In late March 1996, a settlement was reached in the Evergreen Case. Under the terms of the settlement the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25.8 million upon dismissal of the Evergreen Case and the remainder of $24.0 million in installments of $7.0 million in 1996 and $8.5 million in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second, third and fourth (last) payments were paid according to schedule and were funded from cash provided by operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan. As a result of the settlement of the Evergreen Case at an amount lower than those previously accrued, the Minerals Group recorded a benefit of approximately $35.7 million ($23.2 million after-tax) in the first quarter of 1996 in its financial statements.

In 1996, the Minerals Group adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 requires companies to review assets for impairment whenever circumstances indicate that the carrying amount for an asset may not be recoverable. SFAS No. 121 resulted in a pre-tax charge to 1996 earnings for Pittston Coal of $29.9 million ($19.5 million after-tax), of which $26.3 million was included in cost of sales and $3.6 million was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advanced royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment. No material charges were incurred in 1998 or 1997.

The coal operating companies included within Pittston Coal are generally liable under federal laws requiring payment of benefits to coal miners with pneumoconiosis ("black lung"). The Black Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977 (the "1977 Act"), as amended by the Black Lung Benefits and Revenue Amendments Act of 1981 (the "1981 Act"), expanded the benefits for black lung disease and levied a tax on coal production of $1.10 per ton for deep-mined coal and $0.55 per ton for surface-mined coal, but not to exceed 4.4% of the sales price. In addition, the 1981 Act provides that certain claims for which coal operations had previously been responsible will be obligations of the government trust funded by the tax. The 1981 Act also tightened standards set by the 1977 Act for establishing and maintaining eligibility for benefits. The Revenue

Act of 1987 extended the termination date of the tax from January 1, 1996 to the earlier of January 1, 2014 or the date on which the government trust becomes solvent. The Company cannot predict whether any future legislation effecting changes in the tax will be enacted. A number of the subsidiaries of the Company filed a civil action in the United States District court for the Eastern District of Virginia asking the Court to find that the assessment of the black lung tax on coal the Company subsidiaries sold to foreign customers for the first quarter of 1997 was unconstitutional. On December 28, 1998, the District court found the black lung tax, as assessed against foreign coal sales, to be unconstitutional and entered judgment for the Company's subsidiaries in an amount in excess of $0.7 million. The Company will seek a refund of the black lung tax it paid on any of its foreign coal sales for periods as far back as applicable statute of limitations will permit. The ultimate amounts and timing of such refunds, if any, cannot be determined at the present time.

MINERAL VENTURES

Net sales during 1998 were $15.3 million, a decrease of $2.4 million (13%) from the $17.7 million reported in 1997. The operating loss of $1.0 million in 1998 represents a $1.1 million improvement from the $2.1 million operating loss of 1997.

The decrease in net sales during 1998 was due to lower gold sales resulting from declining gold prices in the market, partially offset by higher levels of gold ounces sold. Operating profit during the same period was negatively impacted by lower sales levels, but benefited from reduced production costs. Production costs were lower in 1998 primarily due to a weaker Australian dollar, while costs in 1997 were negatively impacted by unfavorable ground conditions and mine repair costs. In addition, operating results in 1998 benefited from increased equity earnings in its Australian affiliate resulting from a gain on the sale of certain nickel operations.

Net sales during 1997 were $17.7 million, a decrease of $1.4 million (7%) from the $19.1 million reported in 1996. The operating loss of $2.1 million in 1997 represents a $3.7 million decrease from the $1.6 million operating profit earned in 1996.

The decrease in net sales during 1997 was due to lower gold sales. While gold prices improved from 1996 to 1997, the lower level of gold ounces sold more than offset the higher pricing. The reduction in operating profit during 1997 was due to these lower sales levels combined with increases in production and other operating costs. As mentioned above, production costs in 1997 were higher due to unfavorable ground conditions and mine repair costs, while other operating costs were higher due to increased gold exploration costs.

FOREIGN OPERATIONS

A portion of the Company's financial results is derived from activities in a number of foreign countries located in Europe, Asia and Latin America each with a local currency other than the US dollar. Because the financial results of the Company are reported in US dollars, they are affected by changes in the value of the various foreign currencies in relation to the US dollar. Changes in exchange rates may also adversely affect transactions which are denominated in currencies other than the functional currency. The Company periodically enters into such transactions in the course of its business. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency fluctuations may have in any one country on the translated results. The Company, from time to time, uses foreign currency forward contracts to hedge transactional risks associated with foreign currencies. (See "Market Risk Exposures" below.) Translation adjustments of net monetary assets and liabilities denominated in the local currency relating to operations in countries with highly inflationary economies are included in net income, along with all transaction gains or losses for the period. Subsidiaries in Venezuela and an affiliate and a subsidiary in Mexico operate in such highly inflationary economies. Prior to January 1, 1998, the economy in Brazil, in which the Company has subsidiaries, was also considered highly inflationary. As of January 1, 1999, the economy of Mexico will no longer be considered hyperinflationary.

The Company is also subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions, political instability, controls on repatriation of earnings and capital, nationalization, expropriation and other forms of restrictive action by local governments. The future effects, if any, of such risks on the Company cannot be predicted.

CORPORATE EXPENSES

In 1998, general corporate expenses totaled $27.9 million compared with $19.7 million and $21.4 million in 1997 and 1996, respectively. Corporate expenses in 1998 included costs associated with a severance agreement with a former member of the Company's senior management and $5.8 million of additional expenses relating to a retirement agreement between the Company and its former Chairman and CEO. Corporate expenses in 1996 reflect the costs associated with the relocation of the Company's corporate headquarters to Richmond, Virginia, which approximated $2.9 million.

OTHER OPERATING INCOME, NET

Other net operating income principally includes the Company's share of net income of unconsolidated foreign affiliates, royalty income, foreign currency exchange gains and losses, and gains and losses from sales of coal assets. Other net operating income for 1998 increased $7.1 million to $21.1 million and decreased $3.4 million in 1997 from the $17.4 million recorded in 1996. The higher level of other net operating income in 1998 primarily relates to higher levels of gains on the sale of coal assets, a gain on a litigation settlement by Pittston Coal and higher levels of net income of Minerals Ventures unconsolidated Australian foreign affiliate. Partially offsetting these amounts are lower foreign currency exchange gains. The lower level of other net operating income in 1997 was primarily due to a $3.0 million one-time benefit related to a Pittston Coal litigation settlement in 1996.

INTEREST EXPENSE, NET

Net interest expense totaled $33.7 million in 1998 compared with $22.7 million in 1997 and $10.6 million in 1996. The increase in 1998 was primarily due to unusually high interest rates in Venezuela associated with local currency borrowings in that country, and to a lesser extent was due to borrowings resulting from capital expenditures and from acquisitions by both Brink's and BAX to expand their operations. The increase in 1997 over 1996 is predominantly due to borrowings resulting from capital expenditures and from acquisitions by both Brink's and BAX Global to expand their operations.

OTHER INCOME/EXPENSE, NET

Other net income in 1998 of $3.8 million represented an $11.0 million increase from the $7.1 million net expense reported in 1997 which was $2.1 million lower than the net expense of $9.2 million in 1996. Other net income in 1998 reflects higher foreign translation gains, lower minority interest expense for Brink's consolidated affiliates and a gain on the sale of surplus aircraft by BAX Global. The higher level of other net operating expense in 1996 was due primarily to an increase in minority interest expense for Brink's consolidated affiliates, offset in part by lower foreign translation losses.

INCOME TAXES

In 1998, 1997 and 1996, the provision for income taxes was less than the statutory federal income tax rate of 35% primarily due to the tax benefits of percentage depletion and lower taxes on foreign income, partially offset by provisions for goodwill amortization and state income taxes.

Based on the Company's historical and expected taxable earnings, management believes it is more likely than not that the Company will realize the benefit of the existing deferred tax asset at December 31, 1998.

FINANCIAL CONDITION

CASH FLOW REQUIREMENTS

Cash provided by operating activities totaled $231.8 million, a decrease of $36.3 million from the $268.1 million generated during 1997. Lower levels of net income combined with higher funding requirements for operating assets and liabilities were partially offset by higher levels of non-cash charges. Net cash provided by operating activities did not fully fund investing activities (primarily capital expenditures, acquisitions and aircraft heavy maintenance) and share activities, resulting in a net increase in debt of $107.9 million.

CAPITAL EXPENDITURES

Cash capital expenditures for 1998 totaled $256.6 million, $82.8 million higher than 1997. Of the amount of cash capital expenditures, $81.7 million (32%) was spent by BHS, $75.6 million (29%) was spent by BAX Global, $74.7 million (29%) was spent by Brink's, $20.6 million (8%) was spent by Pittston Coal and $3.4 million (1%) was spent by Mineral Ventures. Expenditures were primarily for new BHS customer installations, replacement and maintenance of assets used in current ongoing business operations and the development of new information systems. Cash capital expenditures in 1999 are currently expected to approximate $245 million.

The foregoing amounts exclude expenditures that have been or are expected to be financed through capital and operating leases and any acquisition expenditures.

FINANCING

The Company intends to fund capital expenditures through cash flow from operating activities or through operating leases if the latter are financially attractive. Shortfalls, if any, will be financed through the Company's revolving credit agreements or other borrowing arrangements.

Total debt outstanding at December 31, 1998 was $448.1 million, an increase of $204.8 million from the $243.3 million outstanding at December 31, 1997. The net increase in debt primarily relates to acquisitions by Brink's and BAX Global during the year, as well as additional cash required to fund capital expenditures. As a result of changes in certain recourse provisions during 1998, as of December 31, 1998, certain receivable financing transactions were accounted for as transfers of the receivables, resulting in the uncollected receivables balances remaining on the balance sheet with a corresponding short-term obligation of $29.7 million recognized. During 1997, these transactions were accounted for as sales of receivables, resulting in the removal of the receivables from the balance sheet.

The Company has a $350.0 million credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and also permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. The maturity date of both the term loan and revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31, 1998 and 1997, borrowings of $100.0 million were outstanding under the term loan portion of the Facility and $91.6 million and $25.9 million, respectively, of additional borrowings were outstanding under the remainder of the Facility.

Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398 million at December 31, 1998.

In the first quarter of 1998, in connection with its acquisition of substantially all of the remaining shares (62%) of its Brink's France affiliate

("Brink's S.A."), the Company made a note to the seller for a principal amount of US $27.5 million payable in annual installments plus interest through 2001. In addition, borrowings of approximately US $19 million and capital leases of approximately US $30 million were assumed.

In connection with its acquisition of Custravalca, the Company entered into a borrowing arrangement with a syndicate of local Venezuelan banks. The borrowings consisted of a long-term loan denominated in the local currency equivalent to US $40.0 million

and a $10.0 million short-term loan denominated in US dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. As of December 31, 1998, total borrowings under this arrangement were equivalent to US $27.2 million.

MARKET RISK EXPOSURES

The Company has activities in a number of foreign countries located in Europe, Asia and Latin America, which expose it to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates, and commodity prices. These financial exposures are monitored and managed by the Company as an integral part of its overall risk management program. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency rate fluctuations may have in any one country on the translated results. The Company's risk management program considers this favorable diversification effect as it measures the Company's exposure to financial markets and as appropriate, seeks to reduce the potentially adverse effects that the volatility of certain markets may have on its operating results.

The Company enters into various derivative and non-derivative hedging instruments, as discussed below, to hedge its foreign currency, interest rate, and commodity exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. Management of the Company does not expect any losses due to such counterparty default.

The Company assesses interest rate, foreign currency, and commodity risks by continually identifying and monitoring changes in interest rate, foreign currency and commodity exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Company maintains risk management control systems to monitor these risks attributable to both the Company's outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates, foreign currency rates and commodity prices on the Company's future cash flows. The Company does not use derivative instruments for purposes other than hedging.

The sensitivity analyses discussed below for the market risk exposures were based on several assumptions. The disclosures with respect to foreign exchange, interest rate and commodity risks do not take into account forecasted foreign exchange, interest rate or commodity transactions. Actual results will be determined by a number of factors that are not under management's control and could vary significantly from those disclosed.

INTEREST RATE RISK

The Company primarily uses variable-rate debt denominated in US dollars and foreign currencies, including Venezuelan bolivars, French francs, Singapore dollars, and Dutch guilders, to finance its operations. These debt obligations expose the Company to variability in interest expense due to changes in the general level of interest rates in these countries. Venezuela is considered a highly inflationary economy, and therefore, the effects of increases or decreases in that country's interest rates may be partially offset by corresponding decreases or increases in the currency exchange rates which will affect the US dollar value of the underlying debt. In order to limit the variability of the interest expense on its debt denominated in US currency, the Company converts the variable-rate cash flows on a portion of its $100 million term-loan, which is part of the Facility (see Note 7), to fixed-rate cash flows by entering into interest rate swaps which involve the exchange of floating interest payments for fixed interest payments.

In addition, to the US dollar denominated fixed interest rate swaps, the Company also has fixed-rate debt denominated in US dollars and foreign currencies (primarily French francs). The fixed rate debt and interest rate swaps are subject to fluctuations in their fair values as a result of changes in interest rates.

Based on the overall interest rate level of both US dollar and foreign currency denominated variable rate debt outstanding at December 31, 1998, a hypothetical 10% change (as a percentage of interest rates on outstanding debt) in the Company's effective interest rate from year-end 1998 levels would change interest expense by approximately $3.5 million over a twelve month period. Debt designated as hedged by the interest rate swaps has been excluded from this amount. The effect on the fair value of US and foreign currency denominated fixed rate debt (including US dollar fixed interest rate swaps) for a hypothetical 10% uniform shift (as a percentage of market interest rates) in the yield curves for interest rates in various countries from year-end 1998 levels would be immaterial.

FOREIGN CURRENCY RISK

The Company has certain exposures to the effects of foreign exchange rate fluctuations on reported results in US dollars of foreign operations. Due in part to the favorable diversification effects resulting from operations in various countries located in Europe, Asia and Latin America, including Canada, Australia, the United Kingdom, France, Holland, South Africa, Germany, Mexico, Brazil, Venezuela, Colombia, Singapore, Japan, and India, the Company does not generally enter into foreign exchange hedges to mitigate these exposures.

The Company is exposed periodically to the foreign currency rate fluctuations that affect transactions not denominated in the functional currency of domestic and foreign operations. To mitigate these exposures, the Company, from time to time, enters into foreign currency forward contracts.

Mineral Ventures has operations which are exposed to currency risk arising from gold sales denominated in US dollars while its local operating costs are denominated in Australian dollars. Mineral Ventures utilizes foreign currency forward contracts to hedge the variability in cash flows resulting from these exposures for up to two years into the future.

In addition, the Company has net investments in a number of foreign subsidiaries which are translated at exchange rates at the balance sheet date. Resulting cumulative translation adjustments are recorded as a separate component of shareholders' equity and exposes the Company to adjustments resulting from foreign exchange rate volatility. The Company, at times, uses non-derivative financial instruments to hedge this exposure. Currency exposure related to the net assets of the Brink's subsidiary in France are managed, in part, through a foreign currency denominated debt agreement (seller financing) entered into as part of the acquisition by the Company. Gains and losses in the net investment in subsidiaries are offset by losses and gains in the debt obligations. All other hedges of net investments in foreign subsidiaries were immaterial to the Company. The translation adjustments for hyperinflationary economies in which the Company operates (currently Mexico and Venezuela) are recorded as a component of net income and exposes the Company to adjustments resulting from foreign exchange rate volatility.

The effects of a hypothetical simultaneous 10% appreciation in the US dollar from year end 1998 levels against all other currencies of countries in which the Company operates were measured for their potential impact on, 1) translation of earnings into US dollars based on 1998 results, 2) transactional exposures, and 3) translation of balance sheet equity accounts. The hypothetical effects would be approximately $3.0 million unfavorable for the translation of earnings into US dollars, approximately $1.4 million unfavorable earnings effect for transactional exposures, and approximately $22.1 million unfavorable for the translation of balance sheet equity accounts.

COMMODITIES PRICE RISK

The Company consumes or sells various commodities in the normal course of its business and utilizes derivative instruments to minimize the variability in forecasted cash flows due to adverse price movements in these commodities. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

The Company utilizes forward swap contracts for the purchase of jet fuel to fix a portion of forecasted jet fuel costs at specific price levels and it utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of jet fuel. The Company utilizes forward gold sales contracts to fix the selling price on a certain portion of its forecasted gold sales from the Stawell gold mine. The Company utilizes forward swap contracts for the purchase of diesel fuel to fix a portion of its forecasted diesel fuel costs at specific price levels and it utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of diesel fuel.

The following table represents the Company's outstanding commodity hedge contracts as of December 31, 1998:

(In thousands, except average contract rates)	Notional Amount	Average Contract Rate	Estimated Fair Value
Forward gold sale contracts (a)	$ 41	$ 292	$ 18
Forward swap contracts:			
Jet fuel purchases (pay fixed) (b)	16,000	0.4923	(2,133)
Diesel fuel purchases (pay fixed) (b)	1,600	0.4180	(137)
Commodity options:			
Diesel Fuel - purchased call contracts (pay fixed) (b)	1,600	0.4180	7

(a) Ounces of gold.
(b) Gallons of fuel.

READINESS FOR YEAR 2000: SUMMARY

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. If not corrected, many date-sensitive applications could fail or create erroneous results by or in the year 2000. The Company understands the importance of having systems and equipment operational through the year 2000 and beyond and is committed to addressing these challenges while continuing to fulfill its business obligations to its customers and business partners. Year 2000 project teams have been established which are intended to make information technology assets, including embedded microprocessors ("IT assets"), non-IT assets, products, services and infrastructure Year 2000 ready.

READINESS FOR YEAR 2000: STATE OF READINESS

The following is a description of the Company's state of readiness for each of its operating units.

Brink's

The Brink's Year 2000 Project Team has divided its Year 2000 readiness program into six phases: (i) inventory, (ii) assessment, (iii) renovation, (iv) validation/testing, (v) implementation and (vi) integration. Worldwide, Brink's is largely in the renovation, validation/testing and implementation phases of its Year 2000 readiness program.

Brink's North America

With respect to Brink's North American operations, all core IT systems have been identified, renovation has taken place and the Year 2000 project is currently in both the implementation and integration phases. The implementation phase of the core operational systems is expected to be completed by the second quarter of 1999. Non-IT systems, including armored vehicles, closed circuit televisions, videocassette recorders and certain currency processing equipment, are in the assessment phase and certain renovation/replacement has been done. The renovation and validation phases for non-IT systems are expected to continue through the second quarter of 1999. As of December 31, 1998, most of Brink's North America IT systems have been tested and validated as Year 2000 ready. Brink's believes that all its IT and non-IT systems will be Year 2000 compliant or that there will be no material adverse effect on operations or financial results due to non-compliance.

Brink's International

All international affiliates have been provided with an implementation plan, prepared by the Global Year 2000 Project Team. In addition, there is senior management sponsorship in all international countries. The implementation plan requires semi-monthly reports as to the status of each category in each country. The categories include core systems, non-core systems, hardware, facilities, special equipment, voice/data systems, etc. Countries in Europe, Latin America and Asia/Pacific are in varying phases of the Year 2000 readiness program. In Europe, core systems have been identified, some are in the remediation and validation/testing phase, with others currently in the implementation and integration phases. In both Latin America and Asia/Pacific, most countries are currently in active renovation with several completing testing and implementation on core systems. Brink's plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000.

BHS

The BHS Year 2000 Project Team has divided its Year 2000 readiness program into four phases: (i) assessment, (ii) remediation/replacement, (iii) testing and (iv) integration. As of December 31, 1998, BHS has completed the assessment and remediation/replacement phases. BHS is currently in both the testing and integration phases. BHS plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000. As of December 31, 1998, at least 90% of BHS' IT and non-IT assets systems have been tested and verified as Year 2000 ready.

BAX Global

The BAX Global Year 2000 Project Team has divided its Year 2000 readiness program into five phases: (i) inventory, (ii) assess and test, (iii) renovate, (iv) test and verify and (v) implement. At December 31, 1998, on a global basis, the inventory phase has been completed in the US and Europe and is substantially complete in Asia. During the first quarter of 1999, the inventory phase was on a global basis completed. Assessment of major systems in the Americas and Europe has been completed, with readiness testing now underway. Assessment is currently underway in Asia. Renovation activities for major systems are in process as are replacement activities for non-compliant components and systems that are not scheduled for renovation. Testing has also begun for systems that have been renovated. BAX Global plans to have completed all phases of its Year 2000 readiness program on a timely basis prior to Year 2000. As of December 31, 1998, more than 30% of the BAX Global's IT and non-IT assets systems have been tested and verified as Year 2000 ready.

Pittston Coal and Mineral Ventures

The Pittston Coal and Mineral Ventures Year 2000 Project Teams have divided their Year 2000 readiness programs into four phases: (i) assessment, (ii) remediation/replacement, (iii) testing, and (iv) integration. At December 31, 1998, the majority of the core IT assets are either already Year 2000 ready or in the testing or integration phases. Those assets that are not yet Year 2000 ready are scheduled to be remediated or replaced by the second quarter of 1999, with testing and integration to begin concurrently. Pittston Coal and Mineral Ventures plan to have completed all phases of their Year 2000 readiness programs on a timely basis prior to Year 2000. As of December 31, 1998, approximately 80% of hardware systems and embedded systems have been tested and verified as Year 2000 ready.

The Company

As part of its Year 2000 projects, the Company has sent comprehensive questionnaires to significant suppliers, and others with which it does business, regarding their Year 2000 compliance and is in the process of identifying significant problem areas with respect to these business partners. The Company is relying on such third parties' representations regarding their own readiness for Year 2000. This process will be ongoing and efforts with respect to specific problems identified will depend in part upon its assessment of the risk that any such problems may have a material adverse impact on its operations.

Further, the Company relies upon government agencies (particularly the Federal Aviation Administration and customs agencies worldwide), utility companies, telecommunication service companies and other service providers outside of its control. According to a recent General Accounting Office report to Congress, some airports will not be prepared for the Year 2000 and the problems these airports experience could impede traffic flow throughout the nation. As with most companies, the Company is vulnerable to significant suppliers', customers', and other third parties' inability to remedy their own Year 2000 issues. As the Company cannot control the conduct of its customers, suppliers or other third parties, there can be no guarantee that Year 2000 problems originating with a supplier or other third party will not occur.

READINESS FOR YEAR 2000: COSTS TO ADDRESS

The Company anticipates incurring remediation and acceleration costs for its Year 2000 readiness programs. Remediation includes the identification, assessment, remediation and testing phases of its Year 2000 readiness programs. Remediation costs include both the costs of modifying existing software and hardware as well as purchases that replace existing hardware and software that is not Year 2000 ready. Most of these costs will be incurred by Brink's Inc. and BAX Global. Acceleration costs include costs to purchase and/or develop and implement certain information technology systems whose implementation have been accelerated as a result of the Year 2000 readiness issue. Again most of these costs will be incurred by Brink's Inc. and BAX Global.

Total anticipated remediation and acceleration costs are detailed in the table below:

	Acceleration		
(Dollars in millions)	Capitalized	Expensed	Total
Total anticipated Year 2000 costs	$ 23.7	5.8	29.5
Incurred through December 31, 1998	13.9	1.8	15.7
Remainder	$ 9.8	4.0	13.8

	Remediation		
	Capitalized	Expensed	Total
Total anticipated Year 2000 costs	$ 15.0	17.9	32.9
Incurred through December 31, 1998	6.5	9.8	16.3
Remainder	$ 8.5	8.1	16.6

	Total		
	Capitalized	Expensed	Total
Total anticipated Year 2000 costs	$ 38.7	23.7	62.4
Incurred through December 31, 1998	20.4	11.6	32.0
Remainder	$18.3	12.1	30.4

READINESS FOR YEAR 2000: THE RISKS OF THE YEAR 2000

Issue The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect results of operations, liquidity and financial condition of the Company.

The following is a description of the Company's risks of the Year 2000 issue for each of its operating units:

Brink's

Brink's believes its most reasonably likely worst case scenario is that it will experience a number of minor system malfunctions and errors in the early days and weeks of the Year 2000 that were not detected during its renovation and testing efforts. Brink's currently believes that these problems will not be overwhelming and are not likely to have a material effect on the Company's operations or financial results. Brink's may experience some additional personnel expenses related to Year 2000 failures, but such expenses are not expected to be material. As noted above, Brink's is vulnerable to significant suppliers', customers' and other third parties' inability to remedy their own Year 2000 issues. As Brink's cannot control the conduct of its suppliers or other third parties, there can be no guarantee that Year 2000 problems originating with a supplier, customer or other third party will not occur. However, Brink's program of communication with major third parties with whom they do business is intended to minimize any potential risks related to third party failures.

BHS

BHS has begun an analysis of the operational problems and costs that would be reasonably likely to result from the failure by BHS and certain third parties to complete efforts necessary to achieve Year 2000 readiness on a timely basis. BHS believes its most reasonably likely worst case scenario is that its ability to receive alarm signals from some or all of its customers may be disrupted due to temporary regional service outages sustained by third party electric utilities, local telephone companies, and/or long distance telephone service providers. Such outages could occur regionally, affecting clusters of customers, or could occur at BHS's principal monitoring facility, possibly affecting the ability to provide service to all customers. BHS currently believes that these problems will not be overwhelming and are not likely to have a material effect on the Company's operations or financial condition.

BAX Global

The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect results of operations, liquidity and financial condition of BAX Global. The extent to which such a failure may adversely affect operations is being assessed. BAX Global believes its most reasonably likely worst case scenario is that it will experience a number of minor system malfunctions and errors in the early days and weeks of the Year 2000 that were not detected during its renovation and testing efforts. BAX Global currently believes that these problems will not be overwhelming and are not likely to have a material effect on the company's operations or financial results. As noted above, BAX Global is vulnerable to significant suppliers', customers' and other third parties' (particularly government agencies such as the Federal Aviation Administration and customs agencies worldwide) inability to remedy their own Year 2000 issues. As BAX Global cannot control the conduct of third parties, there can be no guarantee that Year 2000 problems originating with a supplier, customer or other third party will not occur. However, BAX Global's program of communication and assessments of major third parties with whom they do business is intended to minimize any potential risks related to third party failures.

Pittston Coal and Mineral Ventures

Pittston Coal and Mineral Ventures believe that their internal information technology systems will be renovated successfully prior to year 2000. All "Mission Critical" systems have been identified that would cause the greatest disruption to the organizations. The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures should

have no material or significant adverse effect on the results of operations or financial condition of the Company. Pittston Coal and Mineral Ventures believe they have identified their likely worst case scenarios. The likely worst case scenarios, assuming no external failures such as power outages or delays in railroad transportation services, could be delays in invoicing customers and payment of vendors. These likely worst case scenarios, should they occur, are not expected to result in a material impact on the Company's financial statements. The production of coal and gold is not heavily dependent on computer technology and would continue with limited impact.

READINESS FOR YEAR 2000: CONTINGENCY PLAN

The following is a description of the Company's contingency plans for each of its operating units:

Brink's

A contingency planning document, which was developed with the assistance of an external facilitator, is being finalized for Brink's North American operations. Brink's provides a number of different services to its customers and each type of service line was reviewed during the contingency planning sessions. This contingency planning document addresses the issue of what Brink's response would be should a system/device fail, as well as what preparations and actions are required beforehand to ensure continuity of services if those identified systems failed. This includes, in some cases, reverting to paper processes to track and handle packages, additional staff if required and increased supervisory presence. Brink's may experience some additional personnel expenses related to any Year 2000 failures, but they are not expected to be material. This contingency planning document is being made available to Brink's International operations to use as a guidance in developing appropriate contingency plans at each of their locations and for the specific services they provide to their customers.

BHS

BHS has begun to develop a contingency plan, which is expected to be completed in the first half of 1999, for dealing with the most reasonably likely worst case scenario. This contingency planning document will address the issue of what BHS's response would be should it sustain a service outage encountered by the third party electric utility, local telephone company, and/or primary long distance telephone service provider at its principal monitoring facility. This includes, among other things, the testing of redundant system connectivity routed through multiple switching stations of the local telephone company, and testing of backup electric generators at both BHS's principal and backup monitoring facilities.

BAX Global

During the first quarter of 1999, BAX Global began developing a contingency plan for dealing with its most reasonably likely worst case scenario. The foundation for BAX Global's Year 2000 readiness program is to ensure that all mission-critical systems are renovated/replaced and tested at least six months prior to when a Year 2000 failure might occur if the program were not undertaken.

Pittston Coal and Mineral Ventures

Pittston Coal and Mineral Ventures have not yet developed contingency plans for dealing with their most likely worst case scenarios. Pittston Coal and Mineral Ventures are expected to develop contingency plans. The foundation for their Year 2000 Programs is to ensure that all mission-critical systems are renovated/replaced and tested at least three months prior to when a Year 2000 failure might occur if the programs were not undertaken. As of December 31, 1998, all mission-critical systems, with the exception of human resources-related systems, have been tested and verified as Year 2000 ready. These human resources-related systems are not Year 2000 ready and are scheduled to be replaced by mid-1999. In addition, as a normal course of business, Pittston Coal and Mineral Ventures maintain and deploy contingency plans designed to address various other potential business interruptions. These plans may be applicable to address the interruption of support provided by third parties resulting from their failure to be Year 2000 ready.

READINESS FOR YEAR 2000: FORWARD LOOKING INFORMATION

This discussion of the Company's readiness for Year 2000, including statements regarding anticipated completion dates for various phases of the Company's Year 2000 project, estimated costs for Year 2000 readiness, the determination of likely worst case scenarios, actions to be taken in the event of such worst case scenarios and the impact on the Company of any delays or problems in the implementation of Year 2000 initiatives by the Company and/or any public or private sector suppliers and service providers and customers involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Company, include, but are not limited to, government regulations and/or legislative initiatives, variations in costs or expenses relating to the implementation of Year 2000 initiatives, changes in the scope of improvements to Year 2000 initiatives and delays or problems in the implementation of Year 2000 initiatives by the Company and/or any public or private sector suppliers and service providers and customers.

EURO CONVERSION

As part of the European Economic and Monetary Union, a single currency (the "Euro") will replace the national currencies of most of the European countries in which the Company conducts business. The conversion rates between the Euro and the participating nations' currencies were fixed irrevocably as of January 1, 1999, and the participating national currencies will be removed from circulation between January 1 and June 30, 2002 and replaced by Euro notes and coinage. The Company is able to receive Euro denominated payments and invoice in Euro as requested by vendors and suppliers as of January 1, 1999 in the affected countries. Full conversion of all affected country operations to the Euro is expected to be completed by the time national currencies are removed from circulation. The effects of

the conversion to the Euro on revenues, costs and business strategies is not expected to be material.

CONTINGENT LIABILITIES

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.6 million and $11.2 million and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgement that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June 1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Company's results of operations or financial position.

CAPITALIZATION

The Company has three classes of common stock: Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, BAX Group and Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Brink's Group consists of the Brink's and BHS operations of the Company. The BAX Group consists of the BAX Global operations of the Company. The Minerals Group consists of the Pittston Coal and Mineral Ventures operations of the Company. The Company prepares separate financial statements for the Brink's, BAX and Minerals Groups, in addition to consolidated financial information of the Company.

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January 1994 the Company issued $80.5 million (161,000 shares) of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), convertible into Minerals Stock. The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board and bears a liquidation preference of $500 per share, plus an attributed amount equal to accrued and unpaid dividends thereon.

Under the share repurchase programs authorized by the Board of Directors (the "Board"), the Company purchased shares in the periods presented as follows:

(Dollars in millions, shares in thousands)	Years Ended December 31 1998	1997
Brink's Stock:		
Shares	150	166
Cost	$ 5.6	4.3
BAX Stock:		
Shares	1,047	332
Cost	$ 12.7	7.4
Convertible Preferred Stock		
Shares	0.4	1.5
Cost	$ 0.1	0.6
Excess carrying amount (a)	$ 0.0	0.1

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years. This amount is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1998, the Company had the remaining repurchase authority with respect to the Convertible Preferred Stock of $24.2 million. As of December 31, 1998, the Company had remaining authority to purchase over time 1.0 million shares of Pittston Minerals Group Common Stock; 1.0 million shares of Pittston Brink's Common Stock; and 1.5 million shares of Pittston BAX Group Common Stock. The aggregate purchase price limitation for all common stock was $24.7 million at December 31, 1998. The authority to repurchase shares remains in effect in 1999.

As of December 31, 1998, debt as a percent of capitalization (total debt and shareholders' equity) was 38%, compared with 26% at December 31, 1997. The increase in the debt ratio since December 1997 was due to the 7% increase in shareholders' equity compared to the 84% increase in total debt (primarily the result of acquisitions as previously discussed).

DIVIDENDS

The Board intends to declare and pay dividends, if any, on Brink's Stock, BAX Stock and Minerals Stock based on the earnings, financial condition, cash flow and business requirements of the Brink's Group, BAX Group and the Minerals Group, respectively. Since the Company remains subject to Virginia law limitations on dividends, losses by one Group could affect the Company's ability to pay dividends in respect of stock relating to the other Group. Dividends on Minerals Stock are also limited by the Available Minerals Dividend Amount as defined in the Company's Articles of Incorporation. The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31, 1998, 1997 and 1996 the Available Minerals Dividend Amount was at least $8.1 million, $15.2 million and $22.1 million, respectively.

Since its distribution of Minerals Stock in 1993 and through March 31, 1998, the Company has paid a cash dividend to its Minerals Stock shareholders at an annual rate of $0.65 per share. In May 1998, the Company reduced the annual dividend rate on Minerals Stock to $0.10 per share for shareholders as of the May 15, 1998 record date.

The Company continues its focus on the financial and capital needs of the Minerals Group companies and, as always, is considering all strategic uses of available cash, including dividend payments, with a view towards maximizing long-term shareholder value.

During 1998 and 1997, the Board declared and the Company paid dividends amounting to $0.10 per share and $0.24 per share of Brink's Stock and BAX Stock, respectively. At present, the annual dividend rate for Brink's Stock is $0.10 per share, for Minerals Stock is $0.10 per share and for BAX Stock is $0.24 per share.

In 1998 and 1997, dividends paid on the Convertible Preferred Stock amounted to $3.5 million and $3.6 million, respectively.

ACCOUNTING CHANGES

The Company adopted Statement of Financing Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the Company implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. The adoption of SOP No. 98-1 had no material impact on the Company. The Company implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 17 to the Consolidated Financial Statements.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the Company has elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. In accordance with the transition provisions of SFAS No. 133, the Company recorded a net transition adjustment resulting in a loss of $3.7 million (net of related income taxes of $2.0 million) in accumulated other comprehensive income at October 1, 1998 in order to recognize at fair value all derivatives that are designated as cash-flow hedging instruments.

PENDING ACCOUNTING CHANGES

In April 1998, the AICPA issued SOP No. 98-5, "Reporting on the Costs of Start-Up Activities." SOP No. 98-5, which provides guidance on the reporting of start-up costs and organization costs, requires that such costs be expensed as incurred. This SOP is effective for the Company for the year beginning January 1, 1999. Initial application of the SOP is required to be reported as a cumulative effect of a change in accounting principle as of the beginning of the year of adoption. Due to the complexity of the mining industry, the Company is still in the process of determining how this SOP will impact its results of operations for the period ending March 31, 1999. Current indications are that the implementation of the SOP could negatively impact results of operations up to $6 million.

SUBSEQUENT EVENT

Effective March 15, 1999, under the Company's preferred share purchase program, the Company purchased 0.08 million shares of the Convertible Preferred Stock at $250 per share for a total cost approximating $21 million. The excess of the carrying amount over the cash paid for the repurchase was approximately $19.2 million. In addition, on March 12, 1999, the Board authorized an increase in the remaining authority to repurchase Convertible Preferred Stock by $4.3 million.

As previously discussed, the Available Minerals Dividend Amount is impacted by activity that affects shareholders' equity or the fair value of net assets of the Minerals Group. The purchase amount noted above reduces the Available Minerals Dividend Amount as currently calculated. Accordingly, the purchase of the Convertible Preferred Stock plus recent financial performance of the Minerals Group is expected to significantly reduce or eliminate the ability to pay dividends on the Minerals Group Common Stock.

FORWARD LOOKING INFORMATION

Certain of the matters discussed herein, including statements regarding the ability to slow cost increases in the home security business, severance benefits, costs of long-term benefit obligations, effective tax rates, the continuation of information technology initiatives, projections about market risk, the economies of Latin America and Asia/Pacific, projected capital spending, environmental clean-up estimates, metallurgical market conditions, Health Benefit Act expenses, the impact of SOP 98-5 on results of operations, coal sales and the readiness for Year 2000 and the conversion to the Euro, involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Company, include, but are not limited to, overall economic and business conditions, the demand for the Company's products and services, pricing and other competitive factors in the industry, geological conditions, new government regulations and/or legislative initiatives, variations in costs or expenses, variations in the spot prices of coal, the ability of counterparties to perform, changes in the scope of improvements to information systems and Year 2000 and/or Euro initiatives, delays or problems in the implementation of Year 2000 and/or Euro initiatives by the Company and/or any public or private sector suppliers and service providers and customers, and delays or problems in the design and implementation of improvements to information systems.

The Pittston Company and Subsidiaries

STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The Pittston Company (the "Company") is responsible for preparing the accompanying consolidated financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles. Management has also prepared the other information in the annual report and is responsible for its accuracy.

In meeting our responsibility for the integrity of the consolidated financial statements, we maintain a system of internal controls designed to provide reasonable assurance that assets are safe-guarded, that transactions are executed in accordance with management's authorization and that the accounting records provide a reliable basis for the preparation of the financial statements. Qualified personnel throughout the organization maintain and monitor these internal controls on an ongoing basis. In addition, the Company maintains an internal audit department that systematically reviews and reports on the adequacy and effectiveness of the controls, with management follow-up as appropriate.

Management has also established a formal Business Code of Ethics which is distributed throughout the Company. We acknowledge our responsibility to establish and preserve an environment in which all employees properly understand the fundamental importance of high ethical standards in the conduct of our business.

The Company's consolidated financial statements have been audited by KPMG LLP, independent auditors. During the audit they review and make appropriate tests of accounting records and internal controls to the extent they consider necessary to express an opinion on the Company's consolidated financial statements.

The Company's Board of Directors pursues its oversight role with respect to the Company's consolidated financial statements through the Audit and Ethics Committee, which is composed solely of outside directors. The Committee meets periodically with the independent auditors, internal auditors and management to review the Company's control system and to ensure compliance with applicable laws and the Company's Business Code of Ethics.

We believe that the policies and procedures described above are appropriate and effective and do enable us to meet our responsibility for the integrity of the Company's consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying consolidated balance sheets of The Pittston Company and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Pittston Company and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

As more fully discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for costs of computer software developed for internal use and derivative instruments and hedging activities in 1998 and impairment of long-lived assets in 1996.

KPMG LLP

KPMG LLP
Richmond, Virginia

January 27, 1999, except as to Note 22, which is as of March 15, 1999

The Pittston Company and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share amounts)	December 31 1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 83,894	69,878
Short-term investments	1,767	2,227
Accounts receivable:		
Trade (Note 3)	599,550	520,817
Other	38,916	32,485
	638,466	553,302
Less estimated uncollectible amounts	32,122	21,985
	606,344	531,317
Coal inventory	24,567	31,644
Other inventory	18,203	8,530
	42,770	40,174
Prepaid expenses and other current assets	33,374	32,767
Deferred income taxes (Note 6)	52,494	50,442
Total current assets	820,643	726,805
Property, plant and equipment, at cost (Notes 1 and 4)	1,423,133	1,167,300
Less accumulated depreciation, depletion and amortization	573,250	519,658
	849,883	647,642
Intangibles, net of accumulated amortization (Notes 1, 5 and 11)	345,600	301,395
Deferred pension assets (Note 14)	119,500	123,138
Deferred income taxes (Note 6)	63,489	47,826
Other assets	132,022	149,138
Total assets	$ 2,331,137	1,995,944
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings (Note 7)	$ 88,283	40,144
Current maturities of long-term debt (Note 7)	36,509	11,299
Accounts payable	284,341	281,411
Accrued liabilities:		
Taxes	69,921	45,785
Workers' compensation and other claims	33,140	32,048
Payroll and vacation	78,919	62,029
Miscellaneous (Note 14)	206,320	170,957
	388,300	310,819
Total current liabilities	797,433	643,673
Long-term debt, less current maturities (Note 7)	323,308	191,812
Postretirement benefits other than pensions (Note 14)	239,550	231,451
Workers' compensation and other claims	93,324	106,378
Deferred income taxes (Note 6)	20,615	17,157
Other liabilities	120,879	119,855
Commitments and contingent liabilities (Notes 7, 12, 13, 14, 18 and 19)		
Shareholders' equity (Notes 9 and 10):		
Preferred stock, par value $10 per share, Authorized: 2,000,000 shares $31.25 Series C Cumulative Convertible Preferred Stock, Issued: 1998 - 113,490 shares; 1997 - 113,845 shares	1,134	1,138
Pittston Brink's Group common stock, par value $1 per share: Authorized: 100,000,000 shares Issued: 1998 - 40,961,415 shares; 1997 - 41,129,679 shares	40,961	41,130
Pittston BAX Group common stock, par value $1 per share: Authorized: 50,000,000 shares Issued: 1998 - 20,824,910 shares; 1997 - 20,378,000 shares	20,825	20,378
Pittston Minerals Group common stock, par value $1 per share: Authorized: 20,000,000 shares Issued: 1998 - 9,186,434 shares; 1997 - 8,405,908 shares	9,186	8,406
Capital in excess of par value	403,148	430,970
Retained earnings	401,186	359,940
Accumulated other comprehensive income	(51,865)	(41,762)
Employee benefits trust, at market value (Note 10)	(88,547)	(134,582)
Total shareholders' equity	736,028	685,618
Total liabilities and shareholders' equity	$ 2,331,137	1,995,944

See accompanying notes to consolidated financial statements

The Pittston Company and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)		Years Ended December 31 1998	1997	1996
Net sales	$	518,635	630,626	696,513
Operating revenues		3,228,247	2,763,772	2,394,682
Net sales and operating revenues		3,746,882	3,394,398	3,091,195
Costs and expenses:				
Cost of sales		513,794	609,025	707,497
Operating expenses		2,675,537	2,270,341	1,989,149
Selling, general and administrative expenses (including a $15,723 write-off of long-lived assets in 1998)		454,993	344,008	292,718
Restructuring and other credits, including litigation accrual (Notes 15 and 18)		(1,479)	(3,104)	(47,299)
Total costs and expenses		3,642,845	3,220,270	2,942,065
Other operating income, net (Note 16)		21,106	14,000	17,377
Operating profit		125,143	188,128	166,507
Interest income		5,359	4,394	3,487
Interest expense		(39,103)	(27,119)	(14,074)
Other income (expense), net		3,811	(7,148)	(9,224)
Income before income taxes		95,210	158,255	146,696
Provision for income taxes (Note 6)		29,154	48,057	42,542
Net income		66,056	110,198	104,154
Preferred stock dividends, net (Notes 8 and 10)		(3,524)	(3,481)	(1,675)
Net income attributed to common shares	$	62,532	106,717	102,479
Pittston Brink's Group (Note 1):				
Net income	$	79,104	73,622	59,695
Net income per common share (Note 8):				
Basic	$	2.04	1.92	1.56
Diluted		2.02	1.90	1.54
Weighted average common shares outstanding (Note 8):				
Basic		38,713	38,273	38,200
Diluted		39,155	38,791	38,682
Pittston BAX Group (Note 1):				
Net income (loss)	$	(13,091)	32,348	33,801
Net income (loss) per common share (Note 8):				
Basic	$	(0.68)	1.66	1.76
Diluted		(0.68)	1.62	1.72
Weighted average common shares outstanding (Note 8):				
Basic		19,333	19,448	19,223
Diluted		19,333	19,993	19,681
Pittston Minerals Group (Note 1):				
Net income (loss) attributed to common shares	$	(3,481)	747	8,983
Net income (loss) per common share (Note 8):				
Basic	$	(0.42)	0.09	1.14
Diluted		(0.42)	0.09	1.08
Weighted average common shares outstanding (Note 8):				
Basic		8,324	8,076	7,897
Diluted		8,324	8,102	9,884

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years Ended December 31

(In thousands, except per share data)	1998	1997	1996
SERIES C PREFERRED STOCK, $31.25 PER SHARE (NOTE 10)			
Balance, beginning of year	$ 1,138	1,154	1,362
Retirement of stock under share repurchase program (Note 10)	(4)	(16)	(208)
Balance, end of year	1,134	1,138	1,154
BRINK'S GROUP COMMON STOCK			
Balance, beginning of year	41,130	41,296	41,574
Retirement of stock under share repurchase program (Note 10)	(150)	(166)	(278)
Other	(19)	--	--
Balance, at end of year	40,961	41,130	41,296
BAX GROUP COMMON STOCK			
Balance, beginning of year	20,378	20,711	20,787
Retirement of stock under share repurchase program (Note 10)	(1,047)	(333)	(76)
Employee benefits trust/other (Note 9)	1,494	--	--
Balance, at end of year	20,825	20,378	20,711
MINERALS GROUP COMMON STOCK			
Balance, beginning of year	8,406	8,406	8,406
Employee benefits trust/other (Note 9)	780	--	--
Balance, at end of year	9,186	8,406	8,406
CAPITAL IN EXCESS OF PAR VALUE			
Balance, beginning of year	430,970	400,135	401,633
Tax benefit of stock options exercised (Note 6)	4,766	2,045	1,734
Cost of Brink's Stock Proposal (Note 9)	--	--	(2,475)
Remeasurement of employee benefits trust	(25,993)	42,118	20,481
Employee benefits trust (Note 9)	12,781	--	--
Shares released from employee benefits trust (Notes 9 and 10)	(13,675)	(7,522)	(7,659)
Retirement of stock under share repurchase programs (Note 10)	(7,024)	(5,806)	(13,579)
Other	1,323	--	--
Balance, at end of year	403,148	430,970	400,135
RETAINED EARNINGS			
Balance, beginning of year	359,940	273,118	188,728
Net income	66,056	110,198	104,154
Retirement of stock under share repurchase programs (Note 10)	(10,212)	(6,052)	(2,096)
Cash dividends declared- Brink's Group $.10 per share, BAX Group $.24 per share, Minerals Group $.2375 per share and Series C Preferred Stock $31.25 per share (Note 10)	(14,032)	(17,324)	(17,668)
Other	(566)	--	--
Balance, at end of year	401,186	359,940	273,118
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Balance, beginning of year	(41,762)	(21,188)	(20,705)
Foreign currency translation adjustment	(7,125)	(20,574)	(483)
Cash flow hedges	(3,309)	--	--
Other	331	--	--
Balance, at end of year	(51,865)	(41,762)	(21,188)
EMPLOYEE BENEFITS TRUST			
Balance, beginning of year	(134,582)	(116,925)	(119,806)
Remeasurement of employee benefits trust	25,993	(42,118)	(20,481)
Employee benefits trust (Note 9)	(15,081)	--	--
Shares released from employee benefits trust (Notes 9 and 10)	35,123	24,461	23,362
Balance, at end of year	(88,547)	(134,582)	(116,925)
Total shareholders' equity - end of year	$ 736,028	685,618	606,707
COMPREHENSIVE INCOME			
Net income attributed to common shares	$ 62,532	106,717	102,479
Other comprehensive income, net of tax:			
Foreign currency translation adjustments, net of tax effect of $787, ($785) and $365	(7,125)	(20,574)	(483)
Cash flow hedges:			
Transition adjustment, net of tax effect of $1,960	(3,663)	--	--
Net cash flow hedge losses, net of tax effect of $501	(710)	--	--
Reclassification adjustment, net of tax effect of ($617)	1,064	--	--
Other, net of tax effect of ($189)	331	--	--
Comprehensive income	$ 52,429	86,143	101,996

See accompanying notes to consolidated financial statements

The Pittston Company and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31 1998	1997	1996
Cash flows from operating activities:			
Net income	$ 66,056	110,198	104,154
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash charges and other write-offs	20,124	--	29,948
Depreciation, depletion and amortization	154,353	128,751	114,618
Provision for aircraft heavy maintenance	39,821	34,057	32,057
(Credit) provision for deferred income taxes	(6,165)	10,611	19,320
Provision for pensions, noncurrent	4,022	243	935
Provision for uncollectible accounts receivable	21,426	10,664	7,687
Equity in (earnings) losses of unconsolidated affiliates, net of dividends received	(880)	2,927	(2,183)
Minority interest expense	1,742	5,467	3,896
Gains on sales of property, plant and equipment and other assets and investments	(9,809)	(2,432)	(2,835)
Other operating, net	13,262	8,646	6,105
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	(29,690)	(39,697)	(53,885)
(Increase) decrease in inventories	(871)	(2,963)	9,271
Decrease (increase) in prepaid expenses	2,225	325	(1,869)
(Decrease) increase in accounts payable and accrued liabilities	(26,906)	32,562	382
Increase in other assets	(7,058)	(11,084)	(7,907)
Decrease in workers' compensation and other claims, noncurrent	(10,886)	(11,109)	(9,002)
Increase (decrease) in other liabilities	11,122	(5,859)	(53,522)
Other, net	(10,080)	(3,198)	(499)
Net cash provided by operating activities	231,808	268,109	196,671
Cash flows from investing activities:			
Additions to property, plant and equipment	(256,567)	(173,768)	(180,651)
Proceeds from disposal of property, plant and equipment	30,489	4,064	11,310
Aircraft heavy maintenance expenditures	(40,466)	(29,748)	(23,373)
Acquisitions, net of cash acquired, and related contingency payments	(34,521)	(65,494)	(4,078)
Dispositions of other assets and investments	8,482	--	--
Other, net	(8,397)	7,589	5,181
Net cash used by investing activities	(300,980)	(257,357)	(191,611)
Cash flows from financing activities:			
Additions to debt	218,403	158,021	28,642
Reductions of debt	(110,474)	(116,030)	(14,642)
Repurchase of stock of the Company	(19,437)	(12,373)	(16,237)
Proceeds from exercise of stock options and employee stock purchase plan	8,098	4,708	5,487
Dividends paid	(13,402)	(16,417)	(17,441)
Cost of stock proposal	--	--	(2,475)
Net cash provided (used) by financing activities	83,188	17,909	(16,666)
Net increase (decrease) in cash and cash equivalents	14,016	28,661	(11,606)
Cash and cash equivalents at beginning of year	69,878	41,217	52,823
Cash and cash equivalents at end of year	$ 83,894	69,878	41,217

See accompanying notes to consolidated financial statements

The Pittston Company and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

As used herein, the "Company" includes The Pittston Company except as otherwise indicated by the context. The Company is comprised of three separate groups -- Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group. The Pittston Brink's Group consists of Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of the Company. The Pittston BAX Group consists of the BAX Global Inc. ("BAX Global") operations of the Company. The Pittston Minerals Group consists of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company. The Company prepares separate financial information including separate financial statements for the Brink's, BAX and Minerals Groups in addition to consolidated financial information of the Company.

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements reflect the accounts of the Company and its majority-owned subsidiaries. The Company's interest in 20% to 50% owned companies are carried on the equity method unless control exists, in which case, consolidation accounting is used. All material intercompany items and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits and investments with original maturities of three months or less.

SHORT-TERM INVESTMENTS

Short-term investments are those with original maturities in excess of three months, but not exceeding one year, and are carried at cost which approximates market.

INVENTORIES

Inventories are stated at cost (determined under the first-in, first-out or average cost method) or market, whichever is lower.

PROPERTY, PLANT AND EQUIPMENT

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight-line method at varying rates depending upon estimated useful lives. Depletion of bituminous coal lands is provided on the basis of tonnage mined in relation to the estimated total of recoverable tonnage in the ground.

Mine development costs, primarily included in bituminous coal lands, are capitalized and amortized over the estimated useful life of the mine. These costs include expenses incurred for site preparation and development as well as operating deficits incurred at the mines during a development stage. A mine is considered under development until all planned production units have been placed in operation.

Valuation of coal properties is based primarily on mining plans and conditions assumed at the time of the evaluation. These valuations could be impacted by actual economic conditions which differ from those assumed at the time of the evaluation.

Subscriber installation costs for home security systems provided by BHS are capitalized and depreciated over the estimated life of the assets and are included in machinery and equipment. The security system that is installed remains the property of BHS and is capitalized at the cost to bring the revenue producing asset to its intended use. When an installation is identified for disconnection, the remaining net book value of the installation is fully reserved and charged to depreciation expense.

INTANGIBLES

The excess of cost over fair value of net assets of businesses acquired is amortized on a straight-line basis over the estimated periods benefited.

The Company evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of asset value or useful lives. The Company annually assesses the recoverability of the excess of cost over net assets acquired by determining whether the amortization of the asset balance over its remaining life can be recovered through projected undiscounted future operating cash flows. Evaluation

of asset value as well as periods of amortization are performed on a disaggregated basis.

Goodwill allocated to a potentially impaired asset will be identified with that asset in performing an impairment test in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121. If such tests indicate that an impairment exists, the carrying amount of the identified goodwill would be eliminated before making any reduction of the carrying amounts of impaired long-lived assets.

COAL SUPPLY CONTRACTS

Coal supply contracts consist of contracts to supply coal to customers at certain negotiated prices over a period of time, which have been acquired from other coal companies, and are stated at cost at the time of acquisition, which approximates fair market value. The capitalized cost of such contracts is amortized over the term of the contract on the basis of tons of coal sold under the contract.

STOCK BASED COMPENSATION

The Company has implemented the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation" (Note 9). The Company continues to measure compensation expense for its stock-based compensation plans using the intrinsic value based methods of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of foreign subsidiaries have been translated at rates of exchange at the balance sheet date and related revenues and expenses have been translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments have been recorded as a separate component of shareholders' equity. Translation adjustments relating to subsidiaries in countries with highly inflationary economies are included in net income, along with all transaction gains and losses for the period.

A portion of the Company's financial results is derived from activities in a number of foreign countries in Europe, Asia and Latin America, each with a local currency other than the US dollar. Because the financial results of the Company are reported in US dollars, they are affected by changes in the value of various foreign currencies in relation to the US dollar. The diversity of foreign operations helps to mitigate a portion of the foreign currency risks associated with market fluctuations in any one country and the impact on translated results.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Postretirement benefits other than pensions are accounted for in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

INCOME TAXES

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse.

PNEUMOCONIOSIS (BLACK LUNG) EXPENSE

The Company acts as self-insurer with respect to almost all black lung benefits. Provision is made for estimated benefits based on annual actuarial reports prepared by outside actuaries. The excess of the present value of expected future benefits over the accumulated book reserves is recognized over the amortization period as a level percentage of payroll. Cumulative actuarial gains or losses are calculated periodically and amortized on a straight-line basis. Assumptions used in the calculation of the actuarial present value of black lung benefits are based on actual retirement experience of the Company's coal employees, black lung claims incidence for active miners, actual dependent information, industry turnover rates, actual medical and legal cost experience and projected inflation rates. As of December 31, 1998 and 1997, the actuarially determined value of estimated future black lung benefits discounted at 6% was approximately $51,000 and $55,000, respectively, and is included in workers' compensation and other claims in the Company's consolidated balance sheet. Based on actuarial data, the amount credited to operations was $2,257 in 1998, $2,451 in 1997 and $2,216 in 1996. In addition, the Company accrued additional expenses for black lung benefits related to federal and state assessments, legal and administration expenses and other self insurance costs. These costs and expenses amounted to $1,659 in 1998, $1,936 in 1997 and $1,849 in 1996.

RECLAMATION COSTS

Expenditures relating to environmental regulatory requirements and reclamation costs undertaken during mine operations are charged against earnings as incurred. Estimated site restoration and post closure reclamation costs are charged against earnings using the units of production method over the expected economic life of each mine. Accrued reclamation costs are subject to review by management on a regular basis and are revised when appropriate for changes in future estimated costs and/or regulatory requirements.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company follows SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 121 requires a review of assets for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. When such events or changes in circumstances indicate an asset may not be recoverable, the Company estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of such expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized in an amount by which the asset's net book value exceeds its fair market value. For purposes of assessing impairment, assets are required to be grouped at the lowest level for which there are separately identifiable cash flows.

During the third quarter of 1998, the Company recorded write-offs for software costs included in property, plant and equipment in accordance with SFAS No. 121 of approximately $16,000. These write-offs consisted of the costs associated with certain in-process software development projects that were canceled during the quarter and unamortized costs of existing software applications which were determined by management to have no future service potential or value. It is management's belief at this time that the current ongoing information technology initiatives that originated from the previously mentioned projects are necessary and will be successfully completed and implemented. Such write-offs are included in selling, general and administrative expenses in the Company's results of operations.

In 1996, the Company adopted SFAS No. 121, resulting in a pretax charge to earnings in 1996 for the Company's Coal Operations of $29,948 ($19,466 after-tax), of which $26,312 was included in cost of sales and $3,636 was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advance royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

All derivative instruments are recognized on the balance sheet at their fair value. On the date the derivative contract is entered into, the Company designates the derivative as (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge), (3) a foreign currency fair value or cash flow hedge ("foreign currency" hedge), or (4) a hedge of a net investment in a foreign operation. The Company does not enter into derivative contracts for the purpose of "trading" such instruments and thus has no derivative designation as "held for trading".

Changes in the fair value of a derivative that is highly effective as and that is designated and qualifies as a fair value hedge, along with the loss or gain on the hedged asset or liability that is attributable to the hedged risk (including losses or gains on firm commitments), are recorded currently in earnings. Changes in the fair value of a derivative that is highly effective as and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income, until the forecasted transaction affects earnings. Changes in the fair value of derivatives that are highly effective as and that are designated and qualify as foreign currency hedges are recorded either currently in earnings or other comprehensive income, depending on whether the hedge transaction is a fair value hedge or a cash flow hedge. If, however, a derivative is used as a hedge of a net investment in a foreign operation, its changes in fair value, to the extent effective as a hedge, are recorded in the cumulative translation adjustments account within equity. Any amounts excluded from the assessment of hedge effectiveness as well as the ineffective portion of the gain or loss is reported in earnings immediately.

Management documents the relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives that are designated as fair value, cash flow, or foreign currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Management also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, hedge accounting is discontinued prospectively, as discussed below.

The Company discontinues hedge accounting prospectively when and if (1) it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including firm commitments or forecasted transactions); (2) the derivative expires or is sold, terminated, or exercised; (3) the derivative is de-designated as a hedge instrument, because it is no longer probable that a forecasted transaction will occur; (4) because a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management determines that designation of the derivative as a hedge instrument is no longer appropriate.

When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair value hedge, the derivative will continue to be carried on the balance sheet at its fair value, changes are reported currently in earnings, and the hedged asset or liability will no longer be adjusted for changes in fair value. When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, the derivative will continue to be carried on the balance sheet at its fair value and changes are reported currently on earnings, and any asset or liability that was recorded pursuant to recognition of the firm commitment will be removed from the balance sheet and recognized as a gain or loss currently in earnings. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, the derivative will continue to be carried on the balance sheet at its fair value, changes are reported currently on earnings, and gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. In all other situations in which hedge accounting is discontinued, the derivative will be carried at its fair value on the balance sheet, with changes in its fair value recognized currently in earnings.

REVENUE RECOGNITION

Brink's--Revenues are recognized when services are performed.

BHS--Monitoring revenues are recognized when earned and amounts paid in advance are deferred and recognized as income over the applicable monitoring period, which is generally one year or less.

BAX Global--Revenues related to transportation services are recognized, together with related transportation costs, on the date shipments physically depart from facilities en route to destination locations. Revenues and operating results determined under existing recognition policies do not materially differ from those which would result from an allocation of revenue between reporting periods based on relative transit times in each reporting period with expenses recognized as incurred.

Coal Operations--Coal sales are generally recognized when coal is loaded onto transportation vehicles for shipment to customers. For domestic sales, this generally occurs when coal is loaded onto railcars at mine locations. For export sales, this generally occurs when coal is loaded onto marine vessels at terminal facilities.

Mineral Ventures--Gold sales are recognized when products are shipped to a refinery. Settlement adjustments arising from final determination of weights and assays are reflected in sales when received.

NET INCOME PER SHARE

Basic and diluted net income per share for the Brink's Group and the BAX Group are computed by dividing net income for each Group by the basic weighted average common shares outstanding and the diluted weighted average common shares outstanding, respectively. Diluted weighted average common shares outstanding includes additional shares assuming the exercise of stock options. However, when the exercise of stock options is antidilutive, they are excluded from the calculation.

Basic net income per share for the Minerals Group is computed by dividing net income attributed to common shares (net income less preferred stock dividends) by the basic weighted average common shares outstanding. Diluted net income per share for the Minerals Group is computed by dividing net income by the diluted weighted average common shares outstanding. Diluted weighted average common shares outstanding includes additional shares assuming the exercise of stock options and the conversion of the Company's $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). However, when the exercise of stock options or the conversion of Convertible Preferred Stock is antidilutive, they are excluded from the calculation.

The shares of Brink's Stock, BAX Stock and Minerals Stock held in the Pittston Company Employee Benefits Trust ("the Trust" See Note 10) are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations.

USE OF ESTIMATES

In accordance with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

ACCOUNTING CHANGES

The Company adopted SFAS No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders.

Effective January 1, 1998, the Company implemented AICPA Statement of Position ("SOP") No. 98-1 "Accounting for the Costs of Computer Software Developed for Internal Use." SOP No. 98-1 requires that certain costs related to the development or purchase of internal-use software be capitalized and amortized over the estimated useful life of the software. The adoption of SOP No. 98-1 had no material impact on the Company.

The Company implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded FASB Statement No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation, and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information. See Note 17.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 is effective for all fiscal quarters of all fiscal years beginning after June 15, 1999; the Company elected to adopt SFAS No. 133 as of October 1, 1998. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. In accordance with the transition provisions of SFAS No. 133, the Company recorded a net transition adjustment resulting in a loss of $3,663 (net of related income taxes of

$1,961) in accumulated other comprehensive income at October 1, 1998 in order to recognize at fair value all derivatives that are designated as cash-flow hedging instruments.

2. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

NON-DERIVATIVE FINANCIAL INSTRUMENTS

Non-derivative financial instruments, which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments and trade receivables. The Company places its cash and cash equivalents and short-term investments with high credit quality financial institutions. Also, by policy, the Company limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Company's customer base, and their dispersion across many different industries and geographic areas. Credit limits, ongoing credit evaluation and account-monitoring procedures are utilized to minimize the risk of loss from nonperformance on trade receivables.

The following details the fair values of non-derivative financial instruments for which it is practicable to estimate the value:

Cash and cash equivalents and short-term investments

The carrying amounts approximate fair value because of the short maturity of these instruments.

Accounts receivable, accounts payable and accrued liabilities

The carrying amounts approximate fair value because of the short-term nature of these instruments.

Debt

The aggregate fair value of the Company's long-term debt obligations, which is based upon quoted market prices and rates currently available to the Company for debt with similar terms and maturities, approximates the carrying amount.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company has activities in a number of foreign countries in Europe, Asia, and Latin America, which expose it to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates, and commodity prices. These financial exposures are monitored and managed by the Company as an integral part of its overall risk management program. The diversity of foreign operations helps to mitigate a portion of the foreign currency risks associated with market fluctuations in any one country and the impact on translated results. The Company's risk management program considers this favorable diversification effect as it measures the Company's exposure to financial markets and as appropriate, seeks to reduce the potentially adverse effects that the volatility of certain markets may have on its operating results.

The Company utilizes various derivative and non-derivative hedging instruments, as discussed below, to hedge its foreign currency, interest rate, and commodity exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. Management does not expect any losses due to such counterparty default.

The Company assesses interest rate, foreign currency, and commodity risks by continually identifying and monitoring changes in interest rate, foreign currency and commodity exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Company maintains risk management control systems to monitor these risks attributable to both the Company's outstanding and forecasted transactions as well as offsetting hedge positions. The risk management control systems involve the use of analytical techniques to estimate the expected impact of changes in interest rates, foreign currency rates and commodity prices on the Company's future cash flows. The Company does not use derivative instruments for purposes other than hedging.

As of October 1, 1998 the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 which establishes accounting and reporting standards for derivative instruments and hedging activities, requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in fair value of derivatives are recorded each period currently in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction.

Prior to the adoption of SFAS No. 133 (prior to October 1, 1998), gains and losses on derivative contracts, designated as effective hedges, were deferred and recognized as part of the transaction hedged. Since they were accounted for as hedges, the fair value of these contracts were not recognized in the Company's financial statements. Gains and losses resulting from the early termination of such contracts were deferred and amortized as an adjustment to the specific item being hedged over the remaining period originally covered by the terminated contracts. In addition, if the underlying items being hedged were retired prior to maturity, the unamortized gain or loss resulting from the early termination of the related interest rate swap would be included in the gain or loss on the extinguishment of the obligation.

Cash-flow hedges

Interest Rate Risk Management

The Company uses variable-rate debt to finance its operations. In particular, it has variable-rate long-term debt under the $350 million credit facility (the "Facility" - See Note 7). This debt obligation exposes the Company to variability in interest expense due to changes in interest rates. If interest rates increase, interest expense increases. Conversely, if interest rates decrease, interest expense also decreases. Management believes it is prudent to limit the variability of a portion of its interest expense. The Company attempts to maintain a reasonable balance between fixed and floating rate debt and uses interest rate swaps to accomplish this objective. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

To meet this objective, the Company enters into interest rate swaps to manage fluctuations in interest expense resulting from interest rate risk. The Company has entered into interest rate swaps with a total notional value of $60,000. These swaps change the variable-rate cash flows on a portion of its $100,000 term-loan, which is part of the Facility, to fixed-rate cash flows by entering into interest rate swaps which involve the exchange of floating interest payments for fixed interest payments.

Changes in the fair value, to the extent effective, of interest rate swaps designated as hedging instruments of the variability of cash flows associated with floating-rate, long-term debt obligations are reported in accumulated other comprehensive income. These amounts are subsequently reclassified into interest expense as a yield adjustment in the same period in which the interest on the floating-rate debt obligations affects earnings. During the year ending December 31, 1999, losses of approximately $460 (pre-tax) related to the interest rate swaps are expected to be reclassified from accumulated other comprehensive income into interest expense as a yield adjustment of the hedged debt obligation.

Of the three swaps outstanding at December 31, 1998, the first fixes the interest rate at 5.80% on $20,000 in face amount of debt and matures in May 2000, the second and third fix the interest rate at 5.84% and 5.86%, respectively each on $20,000 in face amount of debt and mature in May 2001.

Foreign Currency Risk Management

The Company utilizes foreign currency forward contracts to minimize the variability in cash flows due to foreign currency risks associated with foreign operations. These items are denominated in various foreign currencies, including the Australian dollar. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

Mineral Ventures has a subsidiary which is exposed to currency risk arising from gold sales denominated in US dollars and local Australian costs denominated in Australian dollars. Mineral Ventures utilizes foreign currency forward contracts to hedge the variability in cash flows resulting from these exposures for up to two years into the future. All other currency contracts outstanding during the period were immaterial to the results of the Company.

The foreign currency forward contracts' effectiveness is assessed based on the forward rate of the contract. No material amounts related to hedge ineffectiveness were recognized in earnings during the period. Changes in the fair value of Australian dollar foreign currency forward contracts designated and qualifying as cash flow hedges of forecasted US dollar sales of gold are reported in accumulated other comprehensive income. The gains and losses are reclassified into earnings, as a component of revenue, in the same period as the forecasted transaction affects earnings.

During the year ending December 31, 1999, losses of approximately $1,000 (pre-tax) related to Australian dollar foreign currency forward contracts are expected to be reclassified from accumulated other comprehensive income into revenue. As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with foreign currency forecasted transactions is eighteen months.

All other currency contracts outstanding during the period were immaterial to the results of the Company.

Commodities Risk Management

The Company consumes or sells various commodities in the normal course of its business and utilizes derivative instruments to minimize the variability in forecasted cash flows due to adverse price movements in these commodities. The contracts are entered into in accordance with guidelines set forth in the Company's hedging policies. The Company does not use derivative instruments for purposes other than hedging.

The Company utilizes forward swap contracts for the purchase of jet fuel to fix a portion of forecasted jet fuel costs at specific price levels. Under the swap contracts the Company receives (pays) the difference between the contract rate and the higher (lower) average market rate over the related contract period. The Company also periodically utilizes option strategies to hedge a portion of the remaining forecasted risk associated with changes in the price of jet fuel. The option contracts, which involve either purchasing call options and simultaneously selling put options (collar strategy) or purchasing call options, are designed to provide protection against sharp increases in the price of jet fuel. For purchased call options the Company pays a premium up front and receives an amount over the contract period equal to the difference by which the average market price during the period exceeds the option strike price. For collar strategies, the premiums on the purchased option and sold option net to zero. The Company receives an amount equal to the difference by which the average market price of jet fuel during the period exceeds the call option's strike price and pays an amount equal to the difference by which the average market price during the period is below the put option's strike price of jet fuel. At December 31, 1998, the outstanding notional amount of forward swap hedge contracts for jet fuel totaled 16.0 million gallons.

The Company utilizes a combination of forward gold sales contracts and currency contracts to fix in Australian dollars the selling price on a certain portion of its forecasted gold sales from the Stawell gold mine. At December 31, 1998, 41,000 ounces of gold, representing approximately 20% of the Company's share of Stawell's proven and probable reserves, were sold forward under forward gold contracts. The Company also sells call options on gold periodically and receives a premium which enhances the selling price of unhedged gold sales, the fair value of which is recognized immediately into earnings as the contracts do not qualify for special hedge accounting under SFAS No. 133.

The Company utilizes forward swap contracts for diesel fuel to fix a portion of the Company's forecasted diesel fuel costs at specific price levels. The Company also periodically utilizes option strategies to hedge a portion of the remaining risk associated with changes in the price of diesel fuel. The option contracts, which involve purchasing call options, are designed to provide protection against sharp increases in the price of diesel fuel. For purchased options, the Company pays a premium up front and receives an amount over the contract period equal to the difference by which the average market price of diesel fuel during the period exceeds the option strike price. At December 31, 1998, the outstanding notional amount of forward purchase contracts for diesel fuel totaled approximately 3.2 million gallons.

No material amounts related to hedge ineffectiveness were recognized in earnings during the period for the jet fuel and diesel fuel swap contracts, the jet fuel collar strategy option contracts and forward gold contracts. Changes in fair value related to the difference between changes in the spot and forward gold contract rates were not material.

Changes in the fair value of the commodity contracts designated and qualifying as cash flow hedges of forecasted commodity purchases and sales are reported in accumulated other comprehensive income. For jet fuel and diesel fuel, the gains and losses are reclassified into earnings, as a component of costs of sales, in the same period as the commodity purchased affects earnings. For gold contracts, the gains and losses are reclassified into earnings, as a component of revenue, in the same period as the gold sale affects earnings. During the year ending December 31, 1999, losses of approximately $2,100 (pre-tax) and $150 (pre-tax) related to jet fuel purchase contracts and diesel fuel purchase contracts, respectively, are expected to be reclassified from accumulated other comprehensive income into cost of sales. During the year ending December 31, 1999, losses of approximately $100 (pre-tax) related to gold sales contracts are expected to be reclassified from accumulated other comprehensive income into revenue.

As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with jet fuel and diesel fuel purchases is six months. As of December 31, 1998, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with gold sales is two years.

All other commodity contracts outstanding during the period were immaterial to the results of the Company.

Hedges of Net Investments in Foreign Operations

The Company holds investments in a number of foreign subsidiaries, and the net assets of these subsidiaries are exposed to foreign exchange rate volatility. The Company uses non-derivative financial instruments to hedge this exposure.

Currency exposure related to the net assets of the Brink's subsidiary in France are managed in part through a foreign currency denominated debt agreement (seller financing) entered into as part of the acquisition by the Company. Gains and losses in the net investment in subsidiaries are offset by losses and gains in the debt obligations.

For the year ended December 31, 1998, approximately $2,800 of net losses related to the foreign currency denominated debt agreements were included in the cumulative foreign currency translation adjustment in the balance sheet.

All other hedges of net investments in foreign operations during the period were immaterial to the results of the Company.

3. ACCOUNTS RECEIVABLE--TRADE

For each of the years in the three-year period ended December 31, 1998, the Company maintained agreements with financial institutions whereby it had the right to sell certain coal receivables to those institutions. Certain agreements contained provisions for sales with recourse. In 1998 and 1997, total coal receivables of $38,373 and $23,844, respectively, were sold under such agreements. As of December 31, 1998 and 1997, receivables sold which remained to be collected totaled $29,734 and $23,844, respectively.

As a result of changes in certain recourse provisions during 1998, as of December 31, 1998, these transactions were accounted for as transfers of the receivables, resulting in the uncollected receivables balances remaining on the balance sheet with a corresponding short-term obligation of $29,734 recognized. The fair value of this short-term obligation approximates the carrying value. During 1997, these transactions were accounted for as sales of receivables, resulting in the removal of the receivables from the balance sheet.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consists of the following:

	As of December 31 1998	1997
Bituminous coal lands	$ 100,968	107,212
Land, other than coal lands	44,923	37,908
Buildings	221,640	159,726
Machinery and equipment	$ 1,055,602	862,454
Total	$ 1,423,133	1,167,300

The estimated useful lives for property, plant and equipment are as follows:

	Years
Buildings	10 to 40
Machinery and equipment	2 to 30

Depreciation and depletion of property, plant and equipment aggregated $130,932 in 1998, $106,584 in 1997 and $92,805 in 1996.

Capitalized mine development costs totaled $7,093 in 1998, $9,756 in 1997 and $8,144 in 1996.

Changes in capitalized subscriber installation costs for home security systems included in machinery and equipment were as follows:

	Years Ended December 31 1998	1997	1996
Capitalized subscriber installation costs-- beginning of year	$ 172,792	134,850	105,336
Capitalized cost of security system installations	77,460	64,993	57,194
Depreciation, including amounts recognized to fully depreciate capitalized costs for installations disconnected during the year	(32,657)	(27,051)	(27,680)
Capitalized subscriber installation costs-- end of year	$ 217,595	172,792	134,850

Based on demonstrated retention of customers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscribers' installation costs. This change more accurately matches depreciation expense with monthly recurring revenue generated from customers. This change in accounting estimate reduced depreciation expense for capitalized installation costs in 1997 for the Brink's Group and the BHS segment by $8,915. The effect of this change increased net income of the Brink's Group in 1997 by $5,794 ($0.15 per share of Brink's Stock).

New subscribers were approximately 113,500 in 1998, 105,600 in 1997 and 98,500 in 1996.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security system installations. This change in accounting principle is preferable because it more accurately reflects subscriber installation costs. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel (in the amount of $2,949 in 1998, $2,600 in 1997 and $2,517 in 1996) and costs incurred for maintaining facilities and vehicles dedicated to the installation process (in the amount of $3,165 in 1998, $2,343 in 1997 and $2,022 in 1996). The effect of this change in accounting principle was to increase operating

profit of the Brink's Group in 1998, 1997 and 1996 by $6,114, $4,943 and $4,539, respectively, and net income of the Brink's Group in 1998, 1997 and 1996 by $3,852, $3,213 and $2,723, respectively, or by $0.10 per basic and diluted share in 1998, $0.08 per basic and diluted common share in 1997 and $0.07 per basic and diluted common share in 1996. Prior to January 1, 1992, the records needed to identify such costs were not available. Thus, it was impossible to accurately calculate the effect on retained earnings as of January 1, 1992. However, the Company believes the effect on retained earnings as of January 1, 1992, was immaterial.

Because capitalized subscriber installation costs for prior periods were not adjusted for the change in accounting principle, installation costs for subscribers in those years will continue to be depreciated based on the lesser amounts capitalized in prior periods. Consequently, depreciation of capitalized subscriber installation costs in the current year and until such capitalized costs prior to January 1, 1992 are fully depreciated will be less than if such prior periods' capitalized costs had been adjusted for the change in accounting. However, the Company believes the effect on net income in 1998, 1997 and 1996 was immaterial.

5. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $118,656 and $106,174 at December 31, 1998 and 1997, respectively. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $12,119 in 1998, $10,518 in 1997 and $10,560 in 1996.

In the first quarter of 1998, the Company purchased 62% (representing nearly all the remaining shares) of its Brink's affiliate in France ("Brink's S.A.") for payments aggregating US $39,000 over three years and the assumption of estimated liabilities of US $125,700. Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition of the remaining 62% interest resulted in goodwill of approximately $35,000. See Note 11.

In 1997, the Company acquired the remaining 35% interest in Brink's subsidiary in the Netherlands ("Nedlloyd") for approximately $2,000 with additional contingent payments aggregating $1,100 based on certain performance criteria of Brink's-Nedlloyd, of which approximately $800 was paid in 1998 with the remainder to be paid in 1999. The original 65% acquisition in the Nedlloyd partnership resulted in goodwill of approximately $13,200. The acquisition of the remaining 35% interest resulted in a credit to goodwill of approximately $6,600 as the remaining interest was purchased for less than the book value.

6. INCOME TAXES

The provision (credit) for income taxes consists of the following:

	US Federal	Foreign	State	Total
1998:				
Current	$ 11,194	20,625	3,500	35,319
Deferred	2,088	(8,278)	25	(6,165)
Total	$ 13,282	12,347	3,525	29,154
1997:				
Current	$ 18,707	14,390	4,349	37,446
Deferred	13,506	(3,172)	277	10,611
Total	$ 32,213	11,218	4,626	48,057
1996:				
Current	$ 7,721	11,201	4,300	23,222
Deferred	22,878	(3,731)	173	19,320
Total	$ 30,599	7,470	4,473	42,542

The significant components of the deferred tax expense (benefit) were as follows:

	Years Ended December 31		
	1998	1997	1996
Deferred tax expense, exclusive of the components listed below	$ 7,681	6,950	19,171
Net operating loss carryforwards	(6,651)	(4,345)	(5,065)
Alternative minimum tax credits	(7,626)	7,613	4,200
Change in the valuation allowance for deferred tax assets	431	393	1,014
Total	$ (6,165)	10,611	19,320

The tax benefit for compensation expense related to the exercise of certain employee stock options for tax purposes in excess of compensation expense for financial reporting purposes is recognized as an adjustment to shareholders' equity.

The components of the net deferred tax asset as of December 31, 1998 and December 31, 1997 were as follows:

	1998	1997
DEFERRED TAX ASSETS:		
Accounts receivable	$ 13,314	6,448
Postretirement benefits other than pensions	104,322	101,617
Workers' compensation and other claims	43,033	50,139
Other liabilities and reserves	76,909	81,084
Miscellaneous	8,288	16,062
Net operating loss carryforwards	27,664	21,013
Alternative minimum tax credits	33,153	23,631
Valuation allowance	(10,284)	(9,853)
Total deferred tax assets	296,399	290,141
DEFERRED TAX LIABILITIES:		
Property, plant and equipment	66,307	59,787
Pension assets	44,077	49,431
Other assets	14,690	15,538
Investments in foreign affiliates	11,382	9,331
Miscellaneous	64,575	74,943
Total deferred tax liabilities	201,031	209,030
Net deferred tax asset	$ 95,368	81,111

The valuation allowance relates to deferred tax assets in certain foreign and state jurisdictions.

Based on the Company's historical and expected future taxable earnings, management believes it is more likely than not that the Company will realize the benefit of the existing deferred tax asset at December 31, 1998.

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory US federal income tax rate of 35% in 1998, 1997 and 1996 to the income before income taxes.

	Years Ended December 31		
	1998	1997	1996
Income before income taxes:			
United States	$ 47,976	110,070	101,463
Foreign	47,234	48,185	45,233
Total	$ 95,210	158,255	146,696
Tax provision computed at statutory rate	$ 33,323	55,389	51,344
Increases (reductions) in taxes due to:			
Percentage depletion	(6,869)	(7,407)	(7,644)
State income taxes (net of federal tax benefit)	1,861	2,614	1,894
Goodwill amortization	2,369	2,289	2,404
Difference between total taxes on foreign income and the US federal statutory rate	(1,084)	(4,642)	(6,384)
Change in the valuation allowance for deferred tax assets	431	393	1,014
Miscellaneous	(877)	(579)	(86)
Actual tax provision	$ 29,154	48,057	42,542

It is the policy of the Company to accrue deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries and affiliates which are expected to reverse in the foreseeable future. As of December 31, 1998 and December 31, 1997 the unrecognized deferred tax liability for temporary differences of approximately $61,040 and $29,986, respectively, related to investments in foreign subsidiaries and affiliates that are essentially permanent in nature and not expected to reverse in the foreseeable future was approximately $21,364 and $10,495, respectively.

The Company and its domestic subsidiaries file a consolidated US federal income tax return.

As of December 31, 1998, the Company had $33,153 of alternative minimum tax credits available to offset future US federal income taxes and, under current tax law, the carryforward period for such credits is unlimited.

The tax benefit of net operating loss carryforwards as of December 31, 1998 was $27,664 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

7. LONG-TERM DEBT

Total long-term debt consists of the following:

	As of December 31 1998	1997
Senior obligations:		
US dollar term loan due 2001 (year-end rate 5.68% in 1998 and 6.24% in 1997)	$ 100,000	100,000
Revolving credit notes due 2001 (year-end rate 5.83% in 1998 and 5.92% in 1997)	91,600	25,900
5% amortizing French franc seller's note maturing in 2001	19,646	--
Venezuelan bolivar term loan due 2000 (year-end rate 50.40% in 1998 and 26.40% in 1997)	18,723	31,072
French franc term notes maturing in 2002 (year-end average rate 5.38% in 1998)	12,523	--
Netherlands guilder term loan due 2000 (year-end rate 3.95% in 1998 and 4.29% in 1997)	11,166	10,700
Singapore dollar term loan due 2003 (year-end rate 3.31% in 1998)	10,897	--
All other	27,755	18,859
	292,310	186,531
Obligations under capital leases (average rate 9.14% in 1998 and 10.43% in 1997)	30,998	5,281
Total long-term debt, less current maturities	323,308	191,812
Current maturities of long-term debt:		
Senior obligations	27,123	8,617
Obligations under capital leases	9,386	2,682
Total current maturities of long-term debt	36,509	11,299
Total long-term debt inclu$ing current maturities	$ 359,817	203,111

For the four years through December 31, 2003, minimum repayments of long-term debt outstanding are as follows:

2000	$ 60,943
2001	219,324
2002	12,159
2003	15,134

The Company has a $350,000 credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates plus applicable margin. A term loan of $100,000 was outstanding at December 31, 1998 and 1997. Additional borrowings of $91,600 and $25,900 were outstanding at December 31, 1998 and 1997, respectively under the revolving credit portion of the Facility. The Company pays commitment fees (.125% per annum at December 31, 1998) on the unused portions of the Facility.

Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $398,000 at December 31, 1998.

The Company has three interest rate swap agreements that effectively convert a portion of the interest on its $100,000 variable rate term loan to fixed rates (See Note 2).

In 1998, the Company purchased 62% (representing substantially all the remaining shares) of its Brink's affiliate in France. As part of the acquisition, the Company assumed a note to the seller denominated in French francs of approximately the equivalent of US $27,500 payable in annual installments plus interest through 2001. In addition, the Company assumed previously existing debt approximating US $49,000, which included borrowings of US $19,000 and capital leases of US $30,000. At December 31, 1998, the long-term portion of the note to the seller was the equivalent of US $19,646 and bore a fixed interest rate of 5.00%. The equivalent of US $ 9,823 is payable in 1999 and included in current maturities. At December 31, 1998, the long-term portion of borrowings and capital leases of Brink's affiliate in France were the equivalent of US $ 12,523 and US $23,709, respectively. The equivalent of US $4,349 and US $5,805, respectively, are payable in 1999 and included in current maturities. At December 31, 1998, the average interest rates for the borrowings and capital leases were 5.38% and 4.90%, respectively.

In 1998, the Company entered into a credit agreement with a major US bank related to BAX Global's Singapore operating unit to finance warehouse facilities. The credit agreement has a revolving period extending through April 1999 at which time amounts outstanding will be converted to a term loan maturing in April 2003. The amount available for borrowing will not exceed the lesser of Singapore $32,500 and US $50,000. At December 31, 1998, the amount outstanding in Singapore dollars was the equivalent of US $10,897 which bore an interest rate of 3.31% and was included in the noncurrent portion of long-term debt. Interest on the borrowings under the agreement is payable at rates based on Alternate Base Rate, LIBOR (London Inter-Bank Offered Rate) US$ Rate, SIBOR (Singapore Inter-Bank Offered Rate) US$ Rate and Adjusted SIBOR-S$ plus the applicable margin.

In 1997, the Company entered into a borrowing agreement in connection with its acquisition of Cleton. In April 1998, the Company refinanced the 1997 acquisition borrowings with a term credit facility denominated in Netherlands guilders and maturing in April 2000. The amount outstanding under the facility at December 31, 1998, was the Netherlands guilders equivalent of US $11,166 and bore an interest rate of 3.95%. Interest on borrowings under the agreement is payable at rates based on AIBOR (Amsterdam Inter-Bank Offered Rate) plus the applicable margin.

In 1997, the Company entered into a borrowing arrangement with a syndicate of local Venezuelan banks in connection with the acquisition of Custodia y Traslado de Valores, C.A. ("Custravalca"). The borrowings consisted of a long-term loan denominated in Venezuelan bolivars equivalent to US $40,000 and a $10,000 short-term loan denominated in US dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. At December 31, 1998, the long-term portion of the Venezuelan debt was the equivalent of US $18,723. The equivalent of US $8,470 is payable in 1999 and is included in current maturities of long-term debt.

Various international subsidiaries maintain lines of credit and overdraft facilities aggregating approximately $111,000 with a number of banks on either a secured or unsecured basis. At December 31, 1998, $58,549 was outstanding under such agreements and was included in short-term borrowings. Average interest rates on the lines of credit and overdraft facilities at December 31, 1998 approximated 12.0%. Commitment fees paid on the lines of credit and overdraft facilities are not significant.

At December 31, 1998, the Company had outstanding unsecured letters of credit totaling $86,301 primarily supporting the Company's obligations under its various self-insurance programs and aircraft lease obligations.

The Company maintains agreements with financial institutions under which it sells certain coal receivables to those institutions. Some of these agreements contained provisions for sales with recourse. As of December 31, 1998, these transactions were accounted for as secured financings, resulting in the recognition of short-term obligations of $29,734. The fair value of these short-term obligations approximated the carrying value and bore an interest rate of 5.72%.

8. NET INCOME PER SHARE

The following is a reconciliation between the calculations of basic and diluted net income per share:

BRINK'S GROUP	Years Ended December 31 1998	1997	1996
NUMERATOR:			
Net income - Basic and diluted net income per share numerator	$ 79,104	73,622	59,695
DENOMINATOR:			
Basic weighted average common shares outstanding	38,713	38,273	38,200
Effect of dilutive securities:			
Stock options	442	518	482
Diluted weighted average common shares outstanding	39,155	38,791	38,682

Options to purchase 356, 19 and 23 shares of Brink's Stock, at prices between $37.06 and $39.56 per share, $37.06 and $38.16 per share, and $28.63 and $29.50 per share, were outstanding during 1998, 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

BAX GROUP	Years Ended December 31 1998	1997	1996
NUMERATOR:			

Net income (loss)-Basic and diluted net income (loss) per share numerator	$ (13,091)	32,343	3,801
DENOMINATOR:			
Basic weighted average common shares outstanding	19,333	19,448	19,223
Effect of dilutive securities:			
Stock options	--	545	458
Diluted weighted average common shares outstanding	19,333	19,993	19,681

Options to purchase 2,588 shares of BAX Stock, at prices between $7.85 and $27.91 per share, were outstanding during

1998 but were not included in the computation of diluted net loss per share because the effect of all options would be antidilutive.

Options to purchase 7 and 30 shares of BAX Stock at $27.91 per share and at prices between $20.19 and $21.13 per share, were outstanding in 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

MINERALS GROUP	Years Ended December 31 1998	1997	1996
NUMERATOR:			
Net income	$ 43	4,228	10,658
Convertible Preferred Stock dividends, net	(3,524)	(3,481)	(1,675)
Basic net income (loss) per share numerator	(3,481)	747	8,983
Effect of dilutive securities:			
Convertible Preferred Stock dividends, net	--	--	1,675
Diluted net income (loss) per share numerator	$ (3,481)	747	10,658
DENOMINATOR:			
Basic weighted average common shares outstanding	8,324	8,076	7,897
Effect of dilutive securities:			
Convertible Preferred Stock	--	--	1,945
Stock options	--	26	42
Diluted weighted average common shares outstanding	8,324	8,102	9,884

Options to purchase 789 shares of Minerals Stock, at prices between $2.50 and $25.74 per share, were outstanding during 1998 but were not included in the computation of diluted net loss per share because the effect of all options would be antidilutive.

Options to purchase 446 and 300 shares of Minerals Stock, at prices between $12.18 and $25.74 and $13.43 and $25.74 per share, were outstanding during 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

The conversion of preferred stock to 1,764 and 1,785 shares of Minerals Stock has been excluded in the computation of diluted net income (loss) per share in 1998 and 1997, respectively, because the effect of the assumed conversion would be antidilutive.

9. STOCK OPTIONS

The Company has various stock-based compensation plans as described below.

Stock Option Plans

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest 100% at the end of the third year. The Non-Employee Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1998, 1997 and 1996 have a maximum term of six years and vest ratably over the first three years. The total number of shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 2,228, 2,517 and 789 in Brink's Stock, BAX Stock and Minerals Stock, respectively. Under the Non-Employee Plan, the total number of shares underlying options authorized for grant, but not yet granted, in Brink's Stock, BAX Stock and Minerals Stock is 144, 100 and 47, respectively.

The Company's 1979 Stock Option Plan (the "1979 Plan") and the 1985 Stock Option Plan (the "1985 Plan") terminated in 1985 and 1988, respectively.

As part of the Brink's Stock Proposal (described in the Company's Proxy Statement dated December 31, 1995 resulting in the modification of the capital structure of the Company to include an additional class of common stock), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or BAX Stock, in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such

plans, the Company converted these options into options for shares of Brink's Stock or BAX Stock, or both, depending on the employment status and responsibilities of the particular optionee. In the case of optionees having Company-wide responsibilities, each outstanding Services Stock option was converted into options for both Brink's Stock and BAX Stock. In the case of other optionees, each outstanding option was converted into a new option only for Brink's Stock or BAX Stock, as the case may be. As a result, upon approval of the Brink's Stock Proposal, 1,750 shares of Brink's Stock and 1,989 shares of BAX Stock were subject to options.

The table below summarizes the activity in all plans from December 31, 1995 to December 31, 1998.

	Shares	Aggregate Exercise Price
SERVICES GROUP COMMON STOCK OPTIONS:		
Outstanding at December 31, 1995	2,399	$ 50,528
Exercised	(15)	(206)
Converted in Brink's Stock Proposal	(2,384)	(50,322)
Outstanding at December 31, 1996	--	$ --
BRINK'S GROUP COMMON STOCK OPTIONS		
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,750	26,865
Granted	369	9,527
Exercised	(166)	(1,800)
Forfeited or expired	(37)	(734)
Outstanding at December 31, 1996	1,916	$33,858
Granted	428	13,618
Exercised	(190)	(2,296)
Forfeited or expired	(104)	(2,497)
Outstanding at December 31, 1997	2,050	$ 42,683
Granted	365	13,748
Exercised	(439)	(6,230)
Forfeited or expired	(35)	(985)
Outstanding at December 31, 1998	1,941	$ 49,216
BAX GROUP COMMON STOCK OPTIONS:		
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,989	23,474
Granted	440	7,972
Exercised	(318)	(2,905)
Forfeited or expired	(64)	(952)
Outstanding at December 31, 1996	2,047	$ 27,589
Granted	526	12,693
Exercised	(246)	(2,389)
Forfeited or expired	(71)	(1,223)
Outstanding at December 31, 1997	2,256	$ 36,670
Granted	334	4,683
Exercised	(236)	(1,868)
Forfeited or expired	(166)	(3,393)
Outstanding at December 31, 1998	2,188	$ 36,092

	Shares	Aggregate Exercise Price
MINERALS GROUP COMMON STOCK OPTIONS:		
Outstanding at December 31, 1995	598	$ 9,359
Granted	4	47
Exercised	(3)	(45)
Forfeited or expired	(16)	(229)
Outstanding at December 31, 1996	583	$ 9,132
Granted	138	1,746
Exercised	(2)	(22)
Forfeited or expired	(67)	(921)
Outstanding at December 31, 1997	652	$ 9,935
Granted	138	721
Exercised	0	0
Forfeited or expired	(128)	(1,668)
Outstanding at December 31, 1998	662	$ 8,988

Options exercisable at the end of 1998, 1997 and 1996, on an equivalent basis, for Brink's Stock were 922, 905 and 1,099, respectively; for BAX Stock were 1,081, 827 and 1,034, respectively; and for Minerals Stock were 491, 253 and 292, respectively.

The following table summarizes information about stock options outstanding as of December 31, 1998.

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
BRINK'S STOCK					
$ 9.82 to 13.79	189	1.66	$10.68	189	$10.68
16.77 to 21.34	711	2.06	19.38	711	19.38
25.57 to 31.94	686	4.06	28.94	192	9.74
37.06 to 39.56	355	5.68	38.22	3	39.56
Total	1,941			922	
BAX STOCK					
$ 7.85 to 11.70	374	2.79	$ 9.28	266	$ 9.58
13.41 to 16.32	851	2.74	14.78	728	14.72
17.06 to 21.13	534	3.46	18.07	831	7.29
23.88 to 27.91	429	4.38	24.25	4	27.91
Total	2,188			1,081	
MINERALS STOCK					
$ 2.50 to 6.53	101	5.76	$ 4.23	31	$ 4.20
9.50 to 11.88	243	2.91	10.24	216	10.32
12.69 to 16.63	148	3.66	13.29	741	3.88
18.63 to 25.74	170	1.71	24.18	170	24.18
Total	662			491	

EMPLOYEE STOCK PURCHASE PLAN

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 750 shares of Brink's Stock, 375 shares of BAX Stock and 250 shares of Minerals Stock, to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 41, 43 and 45 shares of Brink's Stock; 48, 29 and 32 shares of BAX Stock; and 118, 46 and 30 shares of Minerals Stock, to employees during 1998, 1997 and 1996, respectively. The share amounts for Brink's Stock and BAX Stock include the restatement for the Services Stock conversion under the Brink's Stock Proposal.

In January 1999, the maximum number of Minerals shares had been issued pursuant to the Plan. At a meeting held subsequent to year-end, the Company's Board of Directors adopted an amendment to increase the maximum number of shares of common stock which may be issued pursuant to the Plan to 750 shares of Brink's Stock, 375 shares of BAX Stock and 650 shares of Minerals Stock. This amendment to the Plan is subject to shareholder approval on May 7, 1999.

ACCOUNTING FOR PLANS

The Company has adopted the disclosure - only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", but applies APB Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the accompanying financial statements. Had compensation costs for the Company's plans been determined based on the fair value of awards at the grant dates, consistent with SFAS No. 123, the Company's net income and net income per share would approximate the pro forma amounts indicated below:

	1998	1997	1996
NET INCOME (LOSS) ATTRIBUTED TO COMMON SHARES			
The Company			
As Reported	$ 62,532	106,717	102,479
Pro Forma	57,550	101,746	99,628
Brink's Group			
As Reported	79,104	73,622	59,695
Pro Forma	76,251	71,240	58,389
BAX Group			
As Reported	(13,091)	32,348	33,801
Pro Forma	(15,017)	30,170	32,528
Minerals Group			
As Reported	(3,481)	747	8,983
Pro Forma	(3,684)	336	8,711

	1998	1997	1996
NET INCOME (LOSS) PER COMMON SHARE			
Brink's Group			
Basic, As Reported	$ 2.04	1.92	1.56
Basic, Pro Forma	1.97	1.86	1.53
Diluted, As Reported	2.02	1.90	1.54
Diluted, Pro Forma	1.95	1.84	1.51
BAX Group			
Basic, As Reported	(0.68)	1.66	1.76
Basic, Pro Forma	(0.78)	1.55	1.69
Diluted, As Reported	(0.68)	1.62	1.72
Diluted, Pro Forma	(0.78)	1.51	1.65
Minerals Group			
Basic, As Reported	(0.42)	0.09	1.14
Basic, Pro Forma	(0.44)	0.04	1.10
Diluted, As Reported	(0.42)	0.09	1.08
Diluted, Pro Forma	(0.44)	0.04	1.05

Note: The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

The fair value of each stock option grant used to compute pro forma net income and net income per share disclosures is estimated at the time of the grant using the Black-Scholes option-pricing model.

The weighted-average assumptions used in the model are as follows:

	1998	1997	1996
Expected dividend yield:			
Brink's Stock	0.3%	0.3%	0.4%
BAX Stock	1.7%	1.0%	1.2%

Minerals Stock	1.8%	5.4%	4.8%
Expected volatility:			
Brink's Stock	31%	32%	30%
BAX Stock	50%	29%	32%
Minerals Stock	45%	43%	37%
Risk-Free interest rate:			
Brink's Stock	5.3%	6.2%	6.3%
BAX Stock	5.3%	6.2%	6.3%
Minerals Stock	5.3%	6.2%	6.1%
Expected term (in years):			
Brink's Stock	5.1	4.9	4.7
BAX Stock	5.1	4.8	4.7
Minerals Stock	5.1	4.2	3.7

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1998, 1997 and 1996 for the Brink's Stock is $4,593, $5,155 and $3,341, for the BAX Stock is $1,928, $4,182 and $2,679 and for the Minerals Stock is $250, $487 and $10, respectively.

Under SFAS No. 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value

of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1998, 1997 and 1996 was $205, $455 and $365 for Brink's Stock, $93, $222 and $138 for BAX Stock, and $58, $247 and $95 for Minerals Stock, respectively.

10. CAPITAL STOCK

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes.

The Company, at any time, has the right to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the BAX Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of BAX Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of BAX Stock.

The Company, at any time, has the right to exchange each outstanding share of Minerals Stock, for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Minerals Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, BAX Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. If any shares of the Company's Preferred Stock are converted after an exchange of Minerals Stock for Brink's Stock (or BAX Stock), the holder of such Preferred Stock would, upon conversion, receive shares of Brink's Stock (or BAX Stock) in lieu of shares of Minerals Stock otherwise issuable upon such conversion.

Holders of Brink's Stock at all times have one vote per share. Holders of BAX Stock and Minerals Stock have .739 and .244 vote per share, respectively, subject to adjustment on January 1, 2000, and on January 1 every two years thereafter in such a manner so that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of BAX Stock and Minerals Stock may have more than, less than or continue to have the number of votes per share as they have. Holders of Brink's Stock, BAX Stock and Minerals Stock vote together as a single voting group on all matters as to which all common shareholders are entitled to vote. In addition, as prescribed by Virginia law, certain amendments to the Articles of Incorporation affecting, among other things, the designation, rights, preferences or limitations of one class of common stock, or certain mergers or statutory share exchanges, must be approved by the holders of such class of common stock, voting as a group, and, in certain circumstances, may also have to be approved by the holders of the other classes of common stock, voting as separate voting groups.

In the event of a dissolution, liquidation or winding up of the Company, the holders of Brink's Stock, BAX Stock and Minerals Stock, effective January 1, 1999, share on a per share basis an aggregate amount equal to 54%, 28% and 18%, respectively, of the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage has been set, using a nominal number of shares of Minerals Stock of 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, BAX Stock and Minerals Stock, as the case may be, then outstanding to the total number of shares of all other classes of common stock then outstanding (which totals, in the case of Minerals Stock, shall include the Nominal Shares).

The Company has authority to issue up to 2,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80,500 or 161 shares of its $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board, and bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon. Each share of the Convertible Preferred Stock is convertible at the option of the holder at any time, unless previously redeemed or, under certain circumstances, called for redemption, into shares of Minerals Stock at a conversion price of $32.175 per share of Minerals Stock, subject to adjustment in certain circumstances. The Company may at its option, redeem the Convertible Preferred Stock, in whole or in part, for cash at a price of $515.625 per share, effective February 1, 1999, and thereafter at prices declining ratably annually on each February 1 to an amount equal to $500.00 per share on and after February 1, 2004, plus in each case an amount equal to accrued and unpaid dividends on the date of redemption. Except under certain circumstances or as prescribed by Virginia law, shares of the Convertible Preferred Stock are nonvoting. Other than the Convertible Preferred Stock, no shares of preferred stock are presently issued or outstanding.

In November 1998, under the Company's common share repurchase program, the Company's Board of Directors (the "Board") authorized the purchase, from time to time, of up to

1,000 shares of Brink's Stock, up to 1,500 shares of BAX Stock and up to 1,000 shares of Minerals Stock, not to exceed an aggregate purchase cost of $25,000. Such shares are to be purchased from time to time in the open market or in private transactions, as conditions warrant. In May 1997, the Board authorized additional authority which allows for the purchase, from time to time, of the Convertible Preferred Stock, not to exceed an aggregate purchase cost of $25,000.

Under the share repurchase program, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 1998	1997
Brink's Stock:		
Shares	150	166
Cost	$ 5,617	4,349
BAX Stock:		
Shares	1,047	332
Cost	$ 12,674	7,405
Convertible Preferred Stock:		
Shares	0.4	1.5
Cost	$ 146	617
Excess carrying amount (a)	$ 23	108

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1998, the Company had remaining authority to purchase over time 1,000 shares of Pittston Minerals Group Common Stock; 1,000 shares of Pittston Brink's Common Stock; 1,465 shares of Pittston BAX Group Common Stock and an additional $24,236 of its Convertible Preferred Stock. The remaining aggregate purchase cost limitation for all common stock was $24,698 at December 31, 1998. The authority to acquire shares remains in effect in 1999.

In 1998, 1997 and 1996, dividends paid on the Convertible Preferred Stock amounted to $3,547, $3,589, and $3,795, respectively. During 1998 and 1997, the Board declared and the Company paid dividends of $3,874 and $3,755 on Brink's Stock, $4,642 and $4,805 on BAX Stock, and $1,969 and $5,176 on Minerals Stock, respectively.

Under a Shareholder Rights Plan adopted by the Board in 1987 and as amended, rights to purchase a new Series A Participating Cumulative Preferred Stock (the "Series A Preferred Stock") of the Company were distributed as a dividend at the rate of one right for each share of the Company's common stock. Each Brink's Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series A Preferred Stock at a purchase price of $26.67, subject to adjustment. Each BAX Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series D Preferred Stock at a purchase price of $26.67, subject to adjustment. Each Minerals Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series B Participating Cumulative Preferred Stock (the "Series B Preferred Stock") at a purchase price of $40, subject to adjustment.

Each fractional share of Series A Preferred Stock and Series B Preferred Stock will be entitled to participate in dividends and to vote on an equivalent basis with one whole share of Brink's Stock, BAX Stock and Minerals Stock, respectively. Each right will not be exercisable until after a third party acquires 15% or more of the total voting rights of all outstanding Brink's Stock, BAX Stock and Minerals Stock or on such date as may be designated by the Board after commencement of a tender offer or exchange offer by a third party for 15% or more of the total voting rights of all outstanding Brink's Stock, BAX Stock and Minerals Stock.

If after the rights become exercisable, the Company is acquired in a merger or other business combination, each right will entitle the holder to purchase, for the purchase price, common stock of the surviving or acquiring company having a market value of twice the purchase price. In the event a third party acquires 15% or more of all outstanding Brink's Stock, BAX Stock and Minerals Stock, the rights will entitle each holder to purchase, at the purchase price, that number of fractional shares of Series A Preferred Stock, Series D Preferred Stock and Series B Preferred Stock equivalent to the number of shares of common stock which at the time of the triggering event would have a market value of twice the purchase price. As an alternative to the purchase described in the previous sentence, the Board may elect to exchange the rights for other forms of consideration, including that number of shares of common stock obtained by dividing the purchase price by the market price of the common stock at the time of the exchange or for cash equal to the purchase price. The rights may be redeemed by the Company at a price of $0.01 per right and expire on September 25, 2007.

The Company's Articles of Incorporation limits dividends on Minerals Stock to the lesser of (i) all funds of the Company legally available therefore (as prescribed by Virginia law) and (ii) the Available Minerals Dividend Amount (as defined in the Articles of Incorporation). The Available Minerals Dividend

Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31, 1998, the Available Minerals Dividend Amount was at least $8,123. See Note 22.

In December 1992, the Company formed The Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock (initially 4,000 shares) to fund obligations under certain employee benefit programs not including stock option plans. The trust first began funding obligations under the Company's various stock option plans in September 1995. In November 1998, the Company sold for a promissory note of the Trust, 1,500 new shares of BAX Stock and 800 new shares of Minerals Stock at a price equal to the closing value of each stock, respectively, on the date prior to issuance. As of December 31, 1998, 2,076 shares of Brink's Stock (2,734 in 1997), 1,858 shares of BAX Stock (868 in 1997) and 766 shares of Minerals Stock (232 in 1997) remained in the Trust, valued at market. These shares will be voted by the trustee in the same proportion as those voted by the Company's employees participating in the Company's Savings Investment Plan. The fair market value of the shares is included in each issue of common stock and capital in excess of par.

11. ACQUISITIONS

All acquisitions discussed below have been accounted for as purchases. Accordingly, the costs of the acquisitions were allocated to the assets acquired and liabilities assumed based on their respective fair values. The results of operations of the businesses acquired have been included in the accompanying consolidated financial statements of the Company from their respective dates of acquisition. The excess of the purchase price over fair value of the net assets acquired is included in goodwill. Some purchase agreements provide for contingent payments based on specified criteria. Any such future payments are capitalized as goodwill when paid. Unless otherwise indicated, goodwill is amortized on a straight-line basis over forty years.

In the first quarter of 1998, the Company purchased 62% (representing substantially all of the remaining shares) of its Brink's affiliate in France ("Brink's S.A.") for payments aggregating US $39,000, including interest, over three years. In addition, estimated liabilities assumed approximated US $125,700. The acquisition was funded primarily through a note to the seller (See Note 7.) The fair value of assets acquired approximated US $127,000 (including US $9,200 in cash). Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition resulted in goodwill of approximately US $35,000. Brink's S.A. had annual revenues of approximately US $220,000 in 1997. If this acquisition had occurred on January 1, 1997, the pro forma impact on the Company's net income or net income per share would not have been material.

On April 30, 1998, the Company acquired the privately held Air Transport International LLC ("ATI") for approximately $29,000. The acquisition was funded through the revolving credit portion of the Company's bank credit agreement. Based on a preliminary evaluation of the fair value of assets acquired and liabilities assumed, which is subject to additional review, the acquisition resulted in goodwill of approximately $1,600. If this acquisition had occurred on either January 1, 1997 or 1998, the pro forma impact on the Company's revenues, net income or net income per share in 1997 and 1998 would not have been material.

In addition, during 1998, the Company acquired additional interests in its Brink's subsidiaries in Bolivia and Colombia and purchased the remaining 50% interest in its Brink's affiliate in Germany. A 10% interest in its Brink's Hong Kong subsidiary was sold in 1998 for an amount approximating book value. If these acquisitions and disposition had occurred on either January 1, 1997 or 1998, the pro forma impact on the Company's revenues, net income or net income per share in 1997 and 1998 would not have been material.

In the first quarter of 1997, the Company increased its ownership position in its Brink's Venezuelan affiliate, Custodia y Traslado de Valores, C.A. ("Custralvalca"), from 15% to 61%. The acquisition was financed through a syndicate of local Venezuelan banks (See Note 7.) In conjunction with this transaction, Brink's acquired an additional 31% interest in Brink's Peru S.A. bringing its total interest to 36%. If these acquisitions had occurred on January 1, 1996, the pro forma impact on the Company's revenues, net income or net income per share in 1996 would not have been material.

In June 1997, the Company acquired Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands, for the equivalent of US $10,700 in cash and the assumption of the equivalent of US $10,000 of debt. Based on an estimate of fair values of assets acquired and liabilities assumed, the acquisition resulted in initial goodwill of approximately US $3,800. Additional contingent payments of approximately US $1,500 and US $1,600 were made in 1997 and 1998, respectively, increasing total goodwill associated with this acquisition to US $6,900. An additional contingent payment may be made in 1999, based on certain performance requirements of Cleton.

In addition, throughout 1997, the Company acquired additional interests in several subsidiaries and affiliates. Remaining interests were acquired in the Netherlands, Hong Kong, Taiwan and South Africa while ownership positions were increased in Bolivia and Chile. If these acquisitions had occurred on January 1, 1996 or 1997, the pro forma impact on the Company's revenues, net income or net income per share in 1996 and 1997 would not have been material.

There were no material acquisitions in 1996.

12. COAL JOINT VENTURE

The Company, through a wholly owned indirect subsidiary, has a partnership agreement, Dominion Terminal Associates ("DTA"), with three other coal companies to operate coal port facilities in Newport News, Virginia, in the Port of Hampton Roads (the "Facilities"). The Facilities, in which the Company's wholly owned indirect subsidiary has a 32.5% interest, have an annual throughput capacity of 22 million tons, with a ground storage capacity of approximately 2 million tons. The Facilities are financed by a series of coal terminal revenue refunding bonds issued by the Peninsula Ports Authority of Virginia (the "Authority"), a political subdivision of the Commonwealth of Virginia, in the aggregate principal amount of $132,800, of which $43,160 are attributable to the Company. These bonds bear a fixed interest rate of 7.375%. The Authority owns the Facilities and leases them to DTA for the life of the bonds, which mature on June 1, 2020. DTA may purchase the Facilities for one dollar at the end of the lease term. The obligations of the partners are several, and not joint.

Under loan agreements with the Authority, DTA is obligated to make payments sufficient to provide for the timely payment of the principal and interest on the bonds. Under a throughput and handling agreement, the Company has agreed to make payments to DTA that in the aggregate will provide DTA with sufficient funds to make the payments due under the loan agreements and to pay the Company's share of the operating costs of the Facilities. The Company has also unconditionally guaranteed the payment of the principal of and premium, if any, and the interest on the bonds. Payments for operating costs aggregated $3,168 in 1998, $4,691 in 1997 and $5,208 in 1996. The Company has the right to use 32.5% of the throughput and storage capacity of the Facilities subject to user rights of third parties which pay the Company a fee. The Company pays throughput and storage charges based on actual usage at per ton rates determined by DTA.

13. LEASES

The Company and its subsidiaries lease aircraft, facilities, vehicles, computers and coal mining and other equipment under long-term operating and capital leases with varying terms. Most of the operating leases contain renewal and/or purchase options.

As of December 31, 1998, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Aircraft	Facilities	Equipment & Other	Total
1999	$ 39,888	53,278	33,680	126,846
2000	32,731	42,005	26,610	101,346
2001	28,645	34,083	17,357	80,085
2002	12,698	29,826	11,541	54,065
2003	3,720	24,772	6,231	34,723
2004	-	22,037	1,077	23,114
2005	-	18,471	908	19,379
2006	-	16,977	817	17,794
Later Years	-	97,409	1,780	99,189
Total	$117,6823	338,858	100,001	556,541

These amounts are net of aggregate future minimum noncancellable sublease rentals of $3,064.

Net rent expense amounted to $126,300 in 1998, $109,976 in 1997 and $111,562 in 1996.

The Company incurred capital lease obligations of $13,307 in 1998, $4,874 in 1997 and $3,185 in 1996. In addition, in conjunction with the 1998 acquisition of the Brink's affiliate in France (see Note 11), capital lease obligations of US $30,000 were assumed.

Minimum future lease payments under capital leases as of December 31, 1998, for each of the next five years and in the aggregate are:

1999	$12,271
2000	9,943
2001	6,792
2002	3,931
2003	3,015
Subsequent to 2003	8,987
Total minimum lease payments	44,939
Less: Executory costs	38
Net minimum lease payments	44,901
Less: Amount representing interest	4,517
Present value of net minimum lease payment	40,384

Interest rates on capitalized leases vary from 5.7% to 23.5% and are imputed based on the lower of the Company's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

There were no non-cancellable subleases and no contingent rental payments in 1998 or 1997.

The Company is in the process of negotiating certain facilities leasing agreements with terms of ten years. Aggregate future minimum lease payments under these agreements are expected to approximate $43,000.

At December 31, 1998, the Company had contractual commitments with a third party to provide aircraft usage and services to the Company. The fixed and determinable portion of the obligations under these agreements aggregate approximately $153,240 and expire from 1999 to 2003 as follows:

1999	$42,720
2000	42,720
2001	37,680
2002	27,240
2003	2,880

Spending undeng any r these agreements, includivariable component, was $60,846 in 1998, $39,204 in 1997 and $18,740 in 1996.

14. EMPLOYEE BENEFIT PLANS

The Company and its subsidiaries maintain several noncontributory defined benefit pension plans covering substantially all nonunion employees who meet certain minimum requirements, in addition to sponsoring certain other defined benefit plans. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The Company's policy is to fund the actuarially determined amounts necessary to provide assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations.

The net pension expense for 1998, 1997 and 1996 for all plans is as follows:

	Years Ended December 31		
	1998	1997	1996
Service cost-benefits earned during year	$ 19,932	15,283	14,753
Interest cost on projected benefit obligation	30,181	26,978	23,719
Return on assets-expected	(45,115)	(40,894)	(37,648)
Other amortization, net	2,156	564	1,741
Net pension expense	$ 7,154	1,931	2,565

The assumptions used in determining the net pension expense for the Company's primary pension plan were as follows:

	1998	1997	1996
Interest cost on projected benefit obligation	7.5%	8.0%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Rate of increase in compensation levels	4.0%	4.0%	4.0%

Reconciliations of the projected benefit obligation, plan assets, funded status and prepaid pension expense at December 31, 1998 and 1997 are as follows:

	Years Ended December 31	
	1998	1997
Projected benefit obligat$on at beginning of year	$402,252	339,260
Service cost-benefits earned during the year	19,932	15,283
Interest cost on projected benefit obligation	30,181	26,978
Plan participants' contributions	1,070	800
Acquisitions	8,128	-
Benefits paid	(18,485)	(16,619)
Actuarial loss	54,520	40,734
Foreign currency exchange rate changes	468	(4,184)
Projected benefit obligat$on at end of year	$498,066	402,252
Fair value of plan assets$at beginning of year	$511,245	450,430

Return on assets - actual	69,803	81,195
Acquisitions	1,440	-
Plan participants' contributions	1,070	800
Employer contributions	1,744	1,075
Benefits paid	(18,485)	(16,619)
Foreign currency exchange rate changes	(645)	(5,636)
Fair value of plan assets$at end of year	$566,172	511,245
Funded status	$68,106	108,993
Unamortized initial net asset	(756)	(1,450)
Unrecognized experience loss	38,061	10,548
Unrecognized prior service cost	1,383	1,209
Net pension assets	$106,794	119,300
Current pension liabilities	6,078	3,838
Noncurrent pension liabilities	6,628	-
Deferred pension assets per balance sheet	119,500	123,138

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 7.0% in 1998 and 7.5% in 1997. The expected long-term rate of return on assets was 10% in both years. The rate of increase in compensation levels used was 4% in 1998 and 1997.

The unrecognized initial net asset at January 1, 1986 (January 1, 1989 for certain foreign pension plans), the date of adoption of Statement of Financial Accounting Standards No. 87, has been amortized over the estimated remaining average service life of the employees.

Under the 1990 collective bargaining agreement with the United Mine Workers of America ("UMWA"), the Company agreed to make payments at specified contribution rates for the benefit of the UMWA employees. The trustees of the UMWA pension fund contested the agreement and brought action against the Company. While the case was in litigation, Minerals Group's benefit payments were made into an escrow account for the benefit of union employees. During 1996, the case was settled and the escrow funds were released (Note 18). As a result of the settlement, the Coal subsidiaries agreed to continue their participation in the UMWA 1974 pension plan at defined contribution rates. Under this plan, expense recognized in 1998, 1997 and 1996 was $574, $1,128 and $1,204, respectively.

Expense recognized in 1998, 1997 and 1996 for other multi-employer plans was $765, $640 and $843, respectively.

The Company and its subsidiaries also provide certain postretirement health care and life insurance benefits for eligible active and retired employees in the United States and Canada.

For the years 1998, 1997 and 1996, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31 1998	1997	1996
Service cost--benefits earned during the year	$ 1,167	1,610	2,069
Interest cost on accumulated postretirement benefit obligation	22,412	22,112	20,213
Amortization of losses	2,929	1,389	1,128
Total expense	$ 26,508	25,111	23,410

The actuarially determined and recorded liabilities for the following postretirement benefits have not been funded.

Reconciliations of the accumulated postretirement benefit obligation, funded status and accrued postretirement benefit cost at December 31, 1998 and 1997 are as follows:

	Years Ended December 31 1998	1997
Accumulated postretirement benefit obligation at beginning of year	$ 313,921	287,522
Service cost-benefits earned during the year	1,167	1,610
Interest cost on accumulated postretirement benefit obligation	22,412	22,112
Benefits paid	(18,463)	(18,927)
Actuarial loss	17,855	21,614
Foreign currency exchange rate changes	(61)	(10)
Total accumulated postretirement benefit obligation at end of year	$ 336,831	313,921
Accumulated postretirement benefit obligation at end of year-retirees	$ 282,687	255,190
Accumulated postretirement benefit obligation at end of year-active participants	54,144	58,731
Total accumulated postretirement benefits obligation at end of year	$ 336,831	313,921
Funded status	$(336,831)	(313,921)
Unrecognized experience loss	78,173	63,247
Accrued postretirement benefit cost at end of year	$(258,658)	(250,674)

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.0% in 1998 and 7.5% in 1997. The assumed health care cost trend rate used in 1998 was 6.62% for pre-65 retirees, grading down to 5% in the year 2001. For post-65 retirees, the assumed trend rate in 1998 was 5.95%, grading down to 5% in the year 2001. The assumed Medicare cost trend rate used in 1998 was 5.73%, grading down to 5% in the year 2001.

A percentage point increase each year in the assumed health care cost trend rate used would have resulted in an increase of approximately $3,300 in the aggregate service and interest components of expense for the year 1998, and an increase of approximately $37,900 in the accumulated postretirement benefit obligation at December 31, 1998.

A percentage point decrease each year in the assumed health care cost trend rate would have resulted in a decrease of approximately $3,100 in the aggregate service and interest components of expense for the year 1998 and a decrease of approximately $35,700 in the accumulated postretirement benefit obligation at December 31, 1998.

The Company also sponsors a Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 50% to 125% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $7,745 in 1998, $7,362 in 1997 and $6,875 in 1996.

The Company sponsors other defined contribution benefit plans based on hours worked, tons produced or other measurable factors. Contributions under all of these plans aggregated $986 in 1998, $206 in 1997 and $643 in 1996.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which the Company and certain of its subsidiaries (the "Pittston Companies") are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share or certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1998, 1997 and 1996, these amounts, on a pretax basis, were approximately $9,600, $9,300 and $10,400, respectively. The Company currently estimates that the annual liability under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10,000 per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases. As a result of legal developments in 1998 involving the Health Benefit Act, the Company experienced an increase in its assessments under the Health Benefit Act for the twelve month period beginning October 1, 1998, approximating $1,700, $1,100 of which relates to retroactive assessments for years prior to 1998. This increase consists of charges for death benefits which are provided for by the Health Benefit Act, but which previously have been covered by other funding sources. As with all the Company's Health Benefit Act assessments, this amount is to be paid in 12 equal monthly installments over the plan year beginning October 1, 1998. The Company is unable to determine at this time whether any other additional amounts will apply in future plan years.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' remaining beneficiaries at approximately $216,000, which when discounted at 7.0% provides a present value estimate of approximately $99,000. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and the annual cost is recognized on a pay-as-you-go basis.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain post-retirement health benefits for thousands of retired union mine workers and their dependents. Substantially all of the Company's accumulated postretirement benefit obligation as of December 31, 1998 for retirees of $282,687 relates to such retired workers and their beneficiaries.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of the health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined.

15. RESTRUCTURING AND OTHER (CREDITS) CHARGES, INCLUDING LITIGATION ACCRUAL

Refer to Note 18 for a discussion of the benefit of the reversal of a litigation accrual related to the Evergreen case of $35,650 in 1996.

At December 31, 1998, Pittston Coal had a liability of $25,213 for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Pittston Coal will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted at December 31, 1998 should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions, Pittston Coal reversed $11,649 of the reserve in 1996. The 1996 reversal included $4,778 related to estimated mine and plant closures, primarily reclamation, and $6,871 in employee severance and other benefit costs. As a result of favorable workers' compensation claim development, Pittston Coal reversed $1,479 and $3,104 in 1998 and 1997, respectively.

The following table analyzes the changes in liabilities during the last three years for facility closure costs recorded as restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1995	$ 1,218	28,983	36,077	66,278
Reversals	-	4,778	6,871	11,649
Payments (a)	842	5,499	3,921	10,262
Other reductions (b)	-	6,267	-	6,267
Balance December 31, 1996	376	12,439	25,285	38,100
Reversals	-	-	3,104	3,104
Payments (c)	376	1,764	2,010	4,150
Other	-	468	(468)	-
Balance December 31, 1997	$ -	11,143	19,703	30,846
Reversals	-	-	1,479	1,479
Payments (d)	-	1,238	1,917	3,155
Other reductions (b)	-	999	-	999
Balance December 31, 1998	$ -	8,906	16,307	25,213

(a) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993 and $4,658 was for liabilities recorded in 1994.

(b) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.

(c) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.

(d) Of the total payments made in 1998, $2,491 was for liabilities recorded in years prior to 1993, $10 was for payments recorded in 1993 and $654 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $3,000 to $5,000. The liability for mine and plant closure costs is expected to be satisfied over the next eight years, of which approximately 34% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to eight years.

16. OTHER OPERATING INCOME

Other operating income generally includes royalty income, gains on sales of assets and foreign exchange transactions gains and losses. Other operating income also includes the Company's share of net income of unconsolidated affiliated companies carried on the equity method of $1,602, $539 and $2,103 for 1998, 1997 and 1996, respectively.

Summarized financial information presented includes the accounts of the following equity affiliates (a):

	Ownership At December 31, 1998
Servicio Pan Americano De Protection, S.A. (Mexico)	20%
Brink's Panama, S.A.	49%
Brink's Peru, S.A.	36%
Security Services (Brink's Jordan), W.L.L.	45%
Brink's-Allied Limited (Ireland)	50%
Brink's Arya India Private Limited	40%
Brink's Pakistan (Pvt.) Limited	49%
Brink's (Thailand) Ltd.	40%
BAX International Forwarding Ltd.(Taiwan)	33.3%
Mining Project Investors Limited (Australia) (b)	51.5%
MPI Gold (USA) (b)	51.5%

	1998	1997	1996
Revenues	$ 415,216	638,624	728,815
Gross profit	56,471	97,976	78,900
Net income (loss)	(204)	4,427	11,160
Current assets	82,771	131,160	209,089
Noncurrent assets	113,162	15,531	217,445
Current liabilities	76,990	153,247	192,679
Noncurrent liabilities	43,138	84,170	117,952
Net equity	75,810	109,274	115,903

(a) Also includes amounts related to equity affiliates who were either sold prior to December 31, 1998, became consolidated affiliates through increased ownership prior to December 31, 1998 (most notably Brink's S.A. France and Brink's Schenker Germany) or converted to cost investment. All amounts for such affiliates are presented pro-rata, where applicable.

(b) 45% ownership on a fully diluted basis.

Undistributed earnings of such companies included in consolidated retained earnings approximated $14,600 at December 31, 1998.

17. SEGMENT INFORMATION

The Company implemented SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in the financial statements for the year ended December 31, 1998. SFAS No. 131 superseded SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods.

The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of SFAS No. 131 did not affect results of operations or financial position, but did affect the disclosure of segment information.

The Company has five reportable segments: Brink's, BHS, BAX Global, Pittston Coal and Mineral Ventures. Management has determined these reportable segments based on how resources are allocated and how operational decisions are made. The Company's reportable segments are business units that offer different types of products and services. Management evaluates performance and allocates resources based on operating profit or loss excluding corporate allocations.

Brink's is a worldwide security transportation and services company and BHS installs and monitors residential security systems in the United States and Canada. BAX Global provides global expedited freight transportation services. BAX Global also provides global non-expedited freight services including supply chain management services. Pittston Coal produces and markets low sulphur steam coal used for the generation of electricity. It also mines and markets high quality metallurgical coal for steel production worldwide. Mineral Ventures is a gold production and exploration company which has interests in a gold mine in Australia and explores for gold and base metals in Australia and Nevada.

Operating segment information is as follows:

	Years Ended December 31 1998	1997	1996
NET SALES AND OPERATING REVENUES:			
BAX Global	$1,776,980	1,662,388	1,484,869
Brink's	1,247,681	921,851	754,011
BHS	203,586	179,583	155,802
Pittston Coal	503,302	612,907	677,393
Mineral Ventures	15,333	17,719	19,120
Consolidated net sales and operating revenues (a)	$3,746,882	3,394,398	33,091,195
OPERATING PROFIT (LOSS)			
BAX Global (b)	$ (628)	63,264	64,604
Brink's (c)	98,420	81,591	56,823
BHS (d)	53,032	52,844	44,872
Pittston Coal (e)	3,207	12,217	20,034
Mineral Ventures (f)	(1,031)	(2,070)	1,619
Segment operating profit	153,000	207,846	187,952
General Corporate expense	(27,857)	(19,718)	(21,445)
Consolidated operating profit	$ 125,143	188,116	166,507

(a) Includes US revenues of $2,256,955, $2,246,575 and $2,128,573 in 1998, 1997 and 1996, respectively.

(b) The 1998 amounts include additional expenses of approximately $36,000 related to the termination or rescoping of certain information technology projects (approximately $16,000), increased provisions on existing accounts receivable (approximately $13,000) and approximately $7,000 primarily related to severance expenses associated with BAX Global's redesign of its organizational structure. 1997 amounts include $12,500 of consulting expenses related to the redesign of BAX Global's business processes and information systems architecture.

(c) Includes equity in net income of unconsolidated affiliates of $1,235 in 1998, $1,471 in 1997 and $1,941 in 1996.

(d) As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase operating profit by $6,114 in 1998, $4,943 in 1997 and $4,539 in 1996 (Note 4). BHS changed its annual depreciation rate in 1997 resulting in a reduction of depreciation expense for capitalized installation costs of $8,915 (Note 4).

(e) Operating profit includes a benefit from restructuring and other credits, including litigation accrual aggregating $1,479, $3,104 and $47,299 in 1998, 1997 and 1996, respectively (Note 15). Operating profit in 1996 also includes a charge of $29,948 related to the adoption of FAS 121 (Note 1).

(f) Includes equity in net income (loss) of unconsolidated affiliates of $438 in 1998, ($671) in 1997 and $302 in 1996.

	Years Ended December 31		
	1998	1997	1996
CAPITAL EXPENDITURES:			
BAX Global	$76,115	31,307	59,470
Brink's	74,716	49,132	34,072
BHS	81,420	70,927	61,522
Pittston Coal	21,221	22,285	18,881
Mineral Ventures	4,282	4,544	3,714
General Corporate	583	613	5,950
Consolidatedcapital expenditures	$258,337	78,808	183,609
DEPRECIATION, DEPLETION AND AMORTIZATION:			
BAX Global	$ 35,287	29,667	23,254
Brink's	45,742	30,758	24,293
BHS	36,630	30,344	30,115
Pittston Coal	33,275	35,351	34,632
Mineral Ventures	2,735	1,968	1,856
General Corporate	684	663	468
Consolidated depreciation, depletion and amortization	$154,353	128,751	114,618

	As of December 31		
	1998	1997	1996
ASSETS:			
BAX Global	$ 765,185	690,144	617,784
Brink's (a)	679,718	441,138	340,922
BHS	230,357	193,027	149,992
Pittston Coal	528,468	549,576	594,772
Mineral Ventures (b)	18,733	20,432	22,826
Identifiable assets	$2,222,461	1,894,317	1,726,296
General Corporate (primarily cash, investments, advances and deferred pension assets)	108,671	101,627	106,307
Consolidated assets (c)	$2,331,137	1,995,944	1,832,603

(a) Includes investments in unconsolidated equity affiliates of $14,994, $27,241 and $26,497 in 1998, 1997 and 1996, respectively.

(b) Includes investments in unconsolidated equity affiliates of $5,034, $6,349 and $8,408 in 1998, 1997 and 1996, respectively.

(c) Includes long-lived assets (property, plant and equipment) located in the US of $509,349, $476,991 and $433,955 as of December 31, 1998, 1997 and 1996, respectively.

18. LITIGATION

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,600 and $11,200 and to be incurred over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, unforeseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the latter part of 1998, the Company concluded a settlement with its comprehensive general liability insurer and has settlements with three other groups of insurers. If these settlements are consummated, only one group of insurers will be remaining in this coverage action. In the event the parties are unable to settle the dispute with this group of insurers, the case is scheduled to be tried in June

1999. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will

ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law, and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for related to the remediation of the Tankport site will not significantly adversely impact the Company's results of operations or financial position.

In 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Company recognized in its consolidated financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case (Notes 14 and 15).

In late March 1996, a settlement was reached in the Evergreen Case. Under the terms of the settlement, the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25,800 upon dismissal of the Evergreen Case and the remainder of $24,000 in installments of $7,000 in 1996 and $8,500 in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second, third and fourth (last) payments were paid according to schedule and were funded from cash provided by operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan.

As a result of the settlement of the Evergreen Case at an amount lower than those previously accrued, the Company recorded a pretax gain of $35,650 ($23,173 after-tax) in the first quarter of 1996 in its consolidated financial statements.

19. COMMITMENTS

At December 31, 1998, the Company had contractual commitments for third parties to contract mine or provide coal to the Company. Based on the contract provisions these commitments are currently estimated to aggregate approximately $202,033 and expire from 1999 through 2005 as follows:

1999	$ 60,563
2000	38,186
2001	38,036
2002	38,036
2003	13,814
2004	7,656
2005	5,742

Spending under the contracts was $72,086 in 1998, $91,119 in 1997 and $99,161 in 1996.

20. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1998, 1997 and 1996, cash payments for income taxes, net of refunds received, were $27,745, $30,677 and $26,412, respectively.

For the years ended December 31, 1998, 1997 and 1996, cash payments for interest were $38,126, $26,808 and $14,659, respectively.

In connection with the June 1997 acquisition of Cleton & Co. ("Cleton"), the Company assumed the equivalent of US $10,000 of Cleton debt, of which the equivalent of approximately US $6,000 was outstanding at December 31, 1997.

During 1998, the Company recorded the following noncash investing and financing activities in connection with the acquisition of substantially all of the remaining shares of its Brink's affiliate in France: seller financing of the equivalent of US $27,500 and the assumption of borrowings of approximately US $19,000 and capital leases of approximately US $30,000.

21. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1998 and 1997. The first three quarters of 1997 net income per share amounts have been restated to comply with SFAS No. 128,

"Earnings Per Share." Third quarter 1997 amounts have been reclassified to include $3,948 of revenues and transportation expenses from Cleton, which was acquired in June 1997.

	1st	2nd	3rd	4th
1998 QUARTERS:				
Net sales and operating revenues	$862,664	927,104	968,932	988,182
Gross profit	122,729	135,146	149,278	150,398
Net income (a),(b)	12,828	20,762	211	32,255
Net income per Brink's Group common share:				
Basic	$ .44	.53	.52	.55
Diluted	.44	.52	.51	.55
Net income (loss) per BAX Group common share:				
Basic (a)	$ (.15)	.05	(1.13)	.56
Diluted	(.15)	.05	(1.13)	.56
Net income (loss) per Minerals Group common share:				
Basic (b)	$ (.26)	(.20)	.14	(.10)
Diluted	(.26)	(.20)	.14	(.10)
1997 QUARTERS:				
Net sales and operating revenues	$ 781,676	826,154	874,449	912,119
Gross profit	109,445	118,884	143,136	143,567
Net income (b) (c)	21,341	14,663	36,337	37,857
Net income per Brink's Group common share:				
Basic	$ .40	.46	.51	.55
Diluted	.40	.46	.50	.54
Net income (loss) per BAX Group common share:				
Basic (c)	$ .26	(.10)	.82	.68
Diluted	.26	(.10)	.80	.66
Net income (loss) per Minerals Group common share:				
Basic (b)	$ .01	(.26)	.02	.32
Diluted	.01	(.26)	.02	.32

(a) The third quarter of 1998 includes additional expenses of approximately $36,000 ($22,680 after-tax; $1.17 per share) related to the termination or rescoping of certain information technology projects (approximately $16,000 pre-tax), increased provisions on existing accounts receivable (approximately $13,000 pre-tax), and approximately $7,000 (pre-tax) primarily related to severance expenses associated with BAX Global's redesign of its organizational structure.

(b) The fourth quarters of 1998 and 1997 include the reversal of excess restructuring liabilities of $1,479 ($961 after-tax; $0.11 per share) and $3,104 ($2,108 after-tax; $0.25 per share), respectively.

(c) The second quarter of 1997 includes $12,500 pre-tax ($7,900 after-tax; $0.40 per share) of consulting expenses related to the redesign of BAX Global's business processes and new information systems architecture.

22. SUBSEQUENT EVENT

Effective March 15, 1999, under the Company's preferred share purchase program, the Company purchased 84 shares of the Convertible Preferred Stock at $250 per share for a total cost approximating $21,000. The excess of the carrying amount over the cash paid for the repurchase was approximately $19,000. In addition, on March 12, 1999, the Board authorized an increase in the remaining authority to repurchase Convertible Preferred Stock by $4,300.

As discussed in Note 10, the Available Minerals Dividend is impacted by activity that affects shareholders' equity or the fair value of the net assets of the Minerals Group. The purchase amount noted above reduces the Available Minerals Dividend Amount as currently calculated. Accordingly, the purchase of the Convertible Preferred Stock plus recent financial performance of the Minerals Group is expected to significantly reduce or eliminate the ability to pay dividends on the Minerals Group Common Stock.

Common Stock

	Market Price High	Market Price Low	Declared Dividends
1998			
BRINK'S GROUP			
1st Quarter	$ 42.88	37.25	$ .025
2nd Quarter	41.44	35.56	.025
3rd Quarter	39.13	31.31	.025
4th Quarter	37.13	28.00	.025
BAX GROUP (a)			
1st Quarter	$ 25.88	15.00	$ .06
2nd Quarter	19.13	14.75	.06
3rd Quarter	15.69	6.44	.06
4th Quarter	11.25	5.31	.06
MINERALS GROUP (b)			
1st Quarter	$ 9.75	7.63	$.1625
2nd Quarter	8.88	4.81	.025
3rd Quarter	5.75	2.75	.025
4th Quarter	3.50	1.94	.025
1997			
BRINK'S GROUP			
1st Quarter	$ 29.75	25.25	$ .025
2nd Quarter	32.88	25.38	.025
3rd Quarter	41.94	29.63	.025
4th Quarter	42.13	33.44	.025
BAX GROUP (a)			
1st Quarter	$ 21.13	18.50	$ .06
2nd Quarter	29.00	20.50	.06
3rd Quarter	30.81	23.25	.06
4th Quarter	31.00	24.31	.06
MINERALS GROUP (b)			
1st Quarter	$ 16.88	12.88	$.1625
2nd Quarter	14.63	11.00	.1625
3rd Quarter	12.25	10.06	.1625
4th Quarter	11.38	6.63	.1625

(a) Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

(b) Dividends on Minerals Stock are limited by the Available Minerals Dividend Amount. See Notes 10 and 22 and Management's Discussion and Analysis.

During 1998 and 1997, Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") traded on the New York Stock Exchange under the ticker symbols "PZB", "PZX", and "PZM", respectively.

As of March 2, 1999, there were approximately 4,800 shareholders of record of Brink's Stock, approximately 4,300 shareholders of record of BAX Stock and approximately 3,900 shareholders of record of Minerals Stock.

Exhibit 21

SUBSIDIARIES OF THE PITTSTON COMPANY
(Percentage of Voting Securities 100% unless otherwise noted)

Company	Jurisdiction of Incorporation
The Pittston Company [Delaware]	Delaware
Glen Allen Development, Inc.	Delaware
Pittston Services Group, Inc.	Virginia
Brink's Holding Company	Virginia
Brink's Home Security, Inc.	Delaware
Brink's Guarding Services, Inc.	Delaware
Brink's Home Security Canada Limited	Canada
Brink's, Incorporated	Delaware
Brellis Partners, L.P. (50% Partnership)	Virginia
Brink's Antigua Limited (47%)	Antigua
Brink's Express Company	Illinois
Brink's (Liberia) Inc.	Liberia
Brink's Redevelopment Corporation	Missouri
Brink's St. Lucia Limited (26%)	B.W. Indies
Brink's Security International, Inc.	Delaware
Brink's Brokerage Company	Delaware
Brink's Asia Pacific Pty Ltd.	Australia
Brink's Allied Limited (50%)	Ireland
Allied Couriers Limited	Ireland
Brinks Ireland Limited	Ireland
Brink's Argentina S.A.(51%)	Argentina
Brink's Ayra India Private Limited (40%)	India
Brink's Australia Pty. Limited	Australia
Brink's Bolivia S.A. (93.76% & Bl .27%)	Bolivia
Brink's Canada Limited	Canada
Brink's Security Company Limited	Canada
Brink's SFB Solutions, Ltd.	Canada
Brink's C.l.S., Inc.	Delaware
Brink's de Colombia S.A. (50.5%)	Colombia
Domesa de Colombia, S.A. (77%, C. Brinks 18%)	Colombia
Brink's Diamond and Jewelry Services, Inc.	Delaware
Brink's Diamond & Jewelery Services (International) (1993) Ltd. (99.9% Bl.1 %)	Israel
Brink's Diamond & Jewelry Services S.R.L.(99.9% Bl.1%)	Italy
Brink's Far East Limited (99.9% Bl.1%)	Hong Kong
Brink's Global Services, Ltd.	U.K.
Brink's Guvenlik Hizmetleri A.S.	Turkey
Brink's-Hong Kong Limited (99.9% Bl.1%)	Hong Kong
Brink's International Air Courier, Inc.	Delaware
Brink's International Management Group, Inc.	Delaware
Brink's (Israel) Limited (70%)	Israel
Brink's Japan Limited (51%)	Japan
Brink's Nederland B.V.	Netherlands
Brink's Network, Incorporated	Delaware
Brink's Pakistan (Pvt) Limited (49%)	Pakistan
Brink's Panama, S.A. (49%)	Panama
Immobiliaria Brink's Panama, S.A.	Panama
Brink's Puerto Rico, Inc.	Puerto Rico
Brink's S.A.	France
Brink's-Schenker GmbH (50%)	Germany

Company	Jurisdiction of Incorporation
Brink's Sicherheit	Germany
Security Consulting & Services GmbH	Germany
Brink's Singapore Pte. Ltd. (60%)	Singapore
Brink's Securmark S.p.A. (24.5%)	Italy
Brink's (Southern Africa) (Proprietary) Ltd.	South Africa
Brink's Taiwan Limited (94%)	Taiwan
Brink's (Thailand) Limited (40%)	Thailand
Brink's (UK) Limited	U.K.
Brink's Commercial Services Limited (BUK-99%, BSI-1sh)	U.K.
Brink's Diamond & Jewelery Services Limited (BUK-99%, BSI-1sh)	U.K.
Brink's Limited (BUK-99%, BSI-1sh)	U.K.
Brink's (Gibraltar) Limited (99%)	Gibraltar
Brink's Limited (Bahrain) EC	Bahrain
Brink's Security Limited (15% Legal Title Bks-Zieg.) (BL-99%, BUK 1%)	U.K.
Quarrycast Commercial Limited (15% Leg.Ttle Bks-Zieg.) (BL-50%, BUK 1%)	U.K.
Brink's-Ziegler S.A. (50%)	Belgium
Brink's Zurcher Freilager A.G. (51%)	Switzerland
Cavalier Insurance Company, Ltd.	Bermuda
Centro Americana de Inversiones Balboa C.A.(BSI 100%)	Panama
S.A. Brink's Diamond & Jewelry Services, N.V. (99%) (BDJS, Inc. 1%)	Belgium
S.A. Brink's Europe N.V. (99%) (BDJS, Inc.-1%)	Belgium
S.A. Brink's-Ziegler Luxemborg (50%)	Luxemborg
Servicios Brink's S.A. (60.45%)	Chile
Societe Anonyme of Provision of Services in Transportation and Protection of Valuables (50.05%)	Greece
Transpar Participacoes Ltda. (99.9%) [.1% by Bks Inc.]	Brazil
Alarm-Curso de Formacao de Vigilantes, Ltda. (99%)	Brazil
Brinks Seguranca e Transporte de Valores (99%)	Brazil
Brinks Viaturas e Equipamentos Ltda. (99%)	Brazil
Transporte de Valores Brink's Chile S.A. (60.45%)	Chile
Brink's SFB Solutions, Inc.	Delaware
Hermes Transportes Blindados S.A. (Bl-4.96%; Balboa 31.038%)	Greece
Security Services (Brink's Jordan) Company Ltd. (45%)	Jordan
Custravalca Brink's, C.A. (61%)	Venezuela
Servicio Pan Americano de Proteccion, S.A. (20%)	Mexico
Canamex (51%)	Mexico
Inmobiliaria, A.J. (99.9%)	Mexico
Productos Pan Americanos de Proteccion (99.9%)	Mexico
Servicio Salvadoreno de Proteccion (14%)	Mexico
VIGYA (99.9%)	Mexico
Pittston Finance Company Inc.	Delaware
BAX Holding Company	Virginia
BAX Finance Inc.	Delaware
BAX Global Inc.	Delaware
BAXAIR Inc	Delaware
BAX Global International Inc.	Delaware
Continental Freight (Pty) Ltd. (South Africa)	South Africa
BAX Global Pty Ltd. (South Africa)	South Africa
BAX Holdings, Inc. (18.35%)	Philippines
BAX Global (Philippines), Inc. (BHI-48.9%/BAI-50.9%)	Philippines
BAX Global (Malaysia) Sdn. Bhd.	Malaysia
BAX Global Imports (Malaysia) Sdn. Bhd. (40%, Bumpautra-60%)	Malaysia
BAX-Transitarios, Limitada	Portugal
BAX Global Aktiebolag	Sweden
BAX Global AG	Switzerland
BAX Global A/S	Denmark
Burlington Air Express (Brazil) Inc.	Delaware
BAX Global (Canada) Ltd.	Canada

Company	Jurisdiction of Incorporation
797726 Ontario Inc.	Canada
BAX Global Services Chile Limitada	Chile
BAX Global do Brazil Ltda.	Brazil
Burlington Air Express (Dubai) Inc.	Delaware
BAX Global SARL (France)	France
BAX Global S.A. (France)	France
BAX Global GmbH	Germany
BAX Global Holding Pty. Limited	Australia
Burlington Air Express (Aust) Pty. Limited	Australia
AFCAB Pty. Limited (11.53%)	Australia
Brisbane Air Freight Forwarders Terminal Pty Ltd. (20%)	Australia
BAX Global Cartage Pty. Limited	Australia
BAX Global Japan K.K.	Japan
BAX Global (Korea) Co. Ltd. (51%)	South Korea
BAX Global Limited (Hong Kong)	Hong Kong
BAX Global, S.A. de C.V.	Mexico
BAX Global (N.Z.) Ltd.	New Zealand
Colebrook Bros. Ltd. (New Zealand)	New Zealand
Walsh and Anderson (1991) Limited	New Zealand
Burlington Air Express S.A. (Spain)	Spain
Burlington Air Express Services Inc.	Delaware
BAX Global S.r.l. [Italy]	Italy
CSC Customs and Management Services S.r.L.	Italy
Burlington Air Express (U.K.) Limited	U.K.
Alltransport Holdings Limited	U.K.
Alltransport International Group Limited	U.K.
Alltransport Warehousing Limited	U.K.
BAX Global (UK) Limited	U.K.
Pittston Administrative Services (U.K.) Limited	U.K.
BAX Global Ocean Services Limited	U.K.
WTC Air Freight (U.K.) Limited	U.K.
BAX Express Limited (Ireland)	Ireland
BAX International Forwarding Ltd. (33%)	Taiwan
Burlington Air Express (Taiwan) Ltd.	Taiwan
BAX Global Networks B.V. (Netherlands)	Netherlands
BAX Global B.V. (Netherlands)	Netherlands
Burlington Air Express N.V./S.A.(Belgium) (97%, BNI-3%)	Belgium
BAX Global Pte Ltd.(Singapore)	Singapore
J. Cleton & Co. Holding B.V.	Netherlands
J. Cleton & Co. B.V.	Netherlands
Logicenter, B.V.	Netherlands
Chip Electronic Services B.V. (50%)	Netherlands
Burlington Networks Inc.	Delaware
Burlington-Transmaso Air Express Lda. (50%)	Portugal
BAX Global (Proprietary) Limited	Australia
Traco Freight (Pty) Ltd. (South Africa)	South Africa
Transkip (Proprietary) Limited	Australia
Indian Enterprises Inc.	Delaware
Indian Associates Inc. (40%)	Delaware
BAX Global India Private Limited (65%, BAXI-35%)	India
Burlington Air Imports Inc.	Delaware
Burlington Air Express Services Inc.	Delaware
Burlington Land Trading Inc.	Delaware
Highway Merchandise Express, Inc.	California

Company	Jurisdiction of Incorporation
WTC Airlines, Inc.	California
WTC SUB	California
Pittston Administrative Services Inc.	Delaware
Pittston Minerals Group Inc.	Virginia
Pittston Coal Company	Delaware
American Eagle Coal Company	Virginia
Heartland Coal Company	Delaware
Maxxim Rebuild Company, Inc.	Delaware
Mountain Forest Products, Inc.	Virginia
Pine Mountain Oil and Gas, Inc.	Virginia
Addington, Inc.	Kentucky
Huff Creek Energy Company	West Virginia
Ironton Coal Company	Ohio
Appalachian Land Company	West Virginia
Appalachian Mining, Inc.	West Virginia
Molloy Mining, Inc.	West Virginia
Kanawha Development Corporation	West Virginia
Vandalia Resources, Inc.	West Virginia
Pittston Coal Management Company	Virginia
Pittston Coal Sales Corp.	Virginia
Pittston Coal Terminal Corporation	Virginia
Pyxis Resources Company	Virginia
HICA Corporation	Kentucky
Holston Mining, Inc.	West Virginia
Motivation Coal Company	Virginia
Paramont Coal Corporation	Delaware
Sheridan-Wyoming Coal Company, Incorporated	Delaware
Thames Development, Ltd.	Virginia
Buffalo Mining Company	West Virginia
Clinchfield Coal Company	Virginia
Dante Coal Company	Virginia
Eastern Coal Corporation	West Virginia
Elkay Mining Company	West Virginia
Jewell Ridge Coal Corporation	Virginia
Kentland-Elkhorn Coal Corporation	Kentucky
Little Buck Coal Company	Virginia
Meadow River Coal Company	Kentucky
Pittston Coal Group, Inc.	Virginia
Ranger Fuel Corporation	West Virginia
Sea "B" Mining Company	Virginia
Pittston Mineral Ventures Company	Delaware
PMV Gold Company	Delaware
Pittston Nevada Gold Company (50%) [50% by MPI Gold (USA) Ltd.]	Delaware
MPI Gold (USA) Ltd. (34.1%)	Nevada
Pittston Mineral Ventures International Ltd.	Delaware
Pittston Mineral Ventures of Australia Pty Ltd.	Australia

Company	Jurisdiction of Incorporation
Carbon Ventures Pty. Limited	Australia
International Carbon (Aust.) Pty. Limited	Australia
Mining Project Investors Pty. Ltd. (51.5%)	Australia
Fodina Minerals Pty. Limited	Australia
MPI Gold Pty. Limited	Australia
Stawell Gold Mines Pty. Limited	Australia
MPI Gold (USA), Inc.	Delaware
Pittston Australasian Mineral Exploration Pty Limited	Australia
Pittston Black Sands of Western Australia Pty Limited	Australia

Consent of Independent Auditors Exhibit 23

The Board of Directors
The Pittston Company:

We consent to incorporation by reference in the registration statements (Nos. 2-64258, 33-2039, 33-21393, 33-23333, 33-69040, 33-53565 and 333-02219) on Form S-8 of The Pittston Company of our reports dated January 27, 1999 (except as to note 22 for The Pittston Company and as to note 23 for Pittston Minerals Group, which are as of March 15, 1999) relating to the financial statements listed in the accompanying Index to Financial Statements in Item 14(a)1 included in the 1998 Annual Report on Form 10-K of The Pittston Company which reports appear in the 1998 Annual Report on Form 10-K of The Pittston Company.

Our reports relating to the financial statements of Pittston Brink's Group, Pittston BAX Group and Pittston Minerals Group contain an explanatory paragraph that states that the financial statements of Pittston Brink's Group, Pittston BAX Group and Pittston Minerals Group should be read in connection with the audited consolidated financial statements of The Pittston Company and subsidiaries.

Our report relating to the consolidated financial statements of The Pittston Company and subsidiaries refers to changes in the method of accounting for costs of computer software developed for internal use and derivative instruments and hedging activities in 1998 and impairment of long-lived assets in 1996. Our report relating to the financial statements of Pittston BAX Group refers to changes in the method of accounting for costs of computer software developed for internal use and derivative instruments and hedging activities in 1998. Our report relating to the financial statements of Pittston Minerals Group refers to changes in the method of accounting for derivative instruments and hedging activities in 1998 and impairment of long-lived assets in 1996.

KPMG LLP
Richmond, Virginia

March 23, 1999

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of March, 1999.

/s/ Roger G. Ackerman

Roger G. Ackerman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 1999.

/s/ James R. Barker

James R. Barker

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of March, 1999.

/s/ J. L. Broadhead

James L. Broadhead

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of March, 1999.

/s/ William F. Craig

William F. Craig

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confimn all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of March, 1999.

/s/ Gerald Grinstein

Gerald Grinstein

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 1999.

/s/ R. M. Gross

Ronald M. Gross

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of March, 1999.

/s/ Charles F. Haywood

Charles F. Haywood

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of March, 1999.

/s/ Carl S. Sloane

Carl S. Sloane

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 1999.

/s/ Robert H. Spilman

Robert H. Spilman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 1999.

/s/ A. H. Zimmerman

Adam H. Zimmerman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Austin F. Reed and Robert T. Ritter, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 1999.

/s/ Michael Dan

Michael T. Dan

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan and Austin F. Reed, and each of them (with full power of substitution), his true and lawful attorney-in-fact and agent to do any and all acts and things and to execute any and all instruments which, with the advice of counsel, any of said attorneys and agents may deem necessary or advisable to enable The Pittston Company, a Virginia corporation (the "Company"), to comply with the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 1999.

/s/ Robert T. Ritter

Robert T. Ritter

This schedule contains summary financial information from The Pittston Company Form 10K for the calendar year ended December 31,1998, and is qualified in its entirety by reference to such financial statements.

1,000

12-MOS
DEC-31-1998
DEC-31-1998
83,894
1,767
599,550
32,122
42,770
820,643
1,423,133
573,250
2,331,137
797,433
323,308
70,972
0
1,135
663,921
2,331,137
518,635
3,746,882
513,794
3,644,324
(1,479)
21,426
39,103
95,210
29,154
66,056
0
0
0
66,056
0
0

Pittston Brink's Group--Basic--2.04
Pittston BAX Group--Basic--(0.68)
Pittston Minerals Group--Basic--(0.42)
Pittston Brink's Group--Diluted--2.02
Pittston BAX Group--Diluted--(0.68)
Pittston Minerals Group--Diluted--(0.42)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the year ended December 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to _______________

Commission file number 1-9148

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY
(Full title of the Plan)

THE PITTSTON COMPANY
(Name of the issuer of securities held pursuant to the Plan)

P.O. BOX 4229 1000 VIRGINIA CENTER PKWY. RICHMOND, VIRGINIA	23058-4229
(Address of issuer's principal executive offices)	(Zip Code)

Independent Auditors' Report

The Participants of the 1994 Employee Stock
Purchase Plan of The Pittston Company:

We have audited the accompanying statements of financial condition of the 1994 Employee Stock Purchase Plan of The Pittston Company (the "Plan") as of December 31, 1998 and 1997, and the related statements of income and changes in plan equity for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 1994 Employee Stock Purchase Plan of The Pittston Company as of December 31, 1998 and 1997, and the income and changes in plan equity for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

KPMG LLP
Richmond, Virginia

March 12, 1999

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

STATEMENT OF FINANCIAL CONDITION

December 31, 1998

	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
ASSETS:				
Common stock, at market value (Note 2)	$2,922,013	761,072	225,749	3,908,834
Contributions receivable from The Pittston Company (Note 5)	587,550	253,625	152,916	994,091
Total assets	$3,509,563	1,014,697	378,665	4,902,925
LIABILITIES AND PLAN EQUITY:				
Payable to plan participants	$ 45,128	11,637	3,252	60,017
Plan equity	3,464,435	1,003,060	375,413	4,842,908
Total liabilities and plan equity	$3,509,563	1,014,697	378,665	4,902,925

See accompanying notes to financial statements.

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

STATEMENT OF FINANCIAL CONDITION

December 31, 1997

	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
ASSETS:				
Common stock, at market value (Note 2)	$3,222,294	1,404,716	475,118	5,102,128
Contributions receivable from The Pittston Company	526,738	275,556	174,146	976,440
Total assets	$3,749,032	1,680,272	649,264	6,078,568
LIABILITIES AND PLAN EQUITY:				
Payable to plan participants	$ 78,639	43,074	10,893	132,606
Plan equity	3,670,393	1,637,198	638,371	5,945,962
Total liabilities and plan equity	$3,749,032	1,680,272	649,264	6,078,568

See accompanying notes to financial statements.

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY

Year Ended December 31, 1998

	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
INCOME:				
Participant contributions	$ 1,176,123	524,244	315,655	2,016,022
Dividend income	9,422	15,613	21,906	46,941
Unrealized depreciation on common stock (Note 3)	(839,160)	(894,615)	(357,251)	(2,091,026)
Realized gain (loss) on distributions (Note 4)	465,480	7,165	(90,864)	381,781
	811,865	(347,593)	(110,554)	353,718
WITHDRAWALS:				
Distribution to Plan participants, at market value	1,017,823	286,545	152,404	1,456,772
Decrease in Plan equity	(205,958)	(634,138)	(262,958)	(1,103,054)
Plan equity--beginning of year	3,670,393	1,637,198	638,371	5,945,962
Plan equity--end of year	$ 3,464,435	1,003,060	375,413	4,842,908

See accompanying notes to financial statements.

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY

Year Ended December 31, 1997

	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
INCOME:				
Participant contributions	$1,074,916	559,881	349,927	1,984,724
Dividend income	8,715	12,777	42,071	63,563
Unrealized appreciation (depreciation) on common stock (Note 3)	887,903	305,630	(462,445)	731,088
Realized gain (loss) on distributions (Note 4)	798,646	286,224	(60,371)	1,024,499
	2,770,180	1,164,512	(130,818)	3,803,874
WITHDRAWALS:				
Distribution to Plan participants, at market value	1,446,889	606,425	158,767	2,212,081
Increase (decrease) in Plan equity	1,323,291	558,087	(289,585)	1,591,793
Plan equity--beginning of year	2,347,102	1,079,111	927,956	4,354,169
Plan equity--end of year	$3,670,393	1,637,198	638,371	5,945,962

See accompanying notes to financial statements.

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY

Year Ended December 31, 1996

	Pittston Services Group Common Stock	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
INCOME:					
Participant contributions	$ --	954,941	531,992	330,132	1,817,065
Dividend income	--	4,621	8,270	28,221	41,112
Unrealized appreciation on common stock (Note 3)	12,282	449,708	142,412	189,400	793,802
Realized gain on distributions (Note 4)	--	293,950	70,208	59,418	423,576
	12,282	1,703,220	752,882	607,171	3,075,555
WITHDRAWALS AND OTHER:					
Distribution to Plan participants, at market value	--	813,836	287,853	288,212	1,389,901
Effect of Brink's Stock Proposal (Note 1)	2,071,800	(1,457,718)	(614,082)	--	--
	2,071,800	(643,882)	(326,229)	288,212	1,389,901
(Decrease) increase in Plan equity	(2,059,518)	2,347,102	1,079,111	318,959	1,685,654
Plan equity--beginning of year	2,059,518	--	--	608,997	2,668,515
Plan equity--end of year	$ --	2,347,102	1,079,111	927,956	4,354,169

See accompanying notes to financial statements.

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 1998 and 1997

1. SUMMARY OF PLAN

The 1994 Employee Stock Purchase Plan of The Pittston Company (the "Plan") is an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code of 1986 (the "Code"), as amended, covering all eligible employees of The Pittston Company and its subsidiaries (the "Company"). The Plan years begin on January 1 and end on December 31.

On January 18, 1996, the shareholders of the Company approved the Brink's Stock Proposal, resulting in the modification, effective as of January 19, 1996, of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Pittston Services Group Common Stock ("Services Stock") were redesignated as Brink's Group Common Stock ("Brink's Stock") on a share-for-share basis, and a new class of common stock, designated as BAX Group Common Stock ("BAX Stock"), was distributed on the basis of one-half share of BAX Stock for each share of Services Stock held by shareholders of record on January 19, 1996. Accordingly, on the effective date, 48,702 shares of Services Stock held by the Plan were converted to 48,702 shares of Brink's Stock and 24,351 shares of BAX Stock and a fair value for these shares of $1,457,718 and $614,082, respectively, was allocated from Services Stock to Brink's Stock and BAX Stock.

Upon approval of the Brink's Stock Proposal, the Plan was amended to provide that participant contributions can be used to purchase Brink's Stock, BAX Stock, Minerals Stock, or a combination, as elected by the participant. For each of the Plan years, the purchase price for each share of common stock to be purchased under the Plan is the lesser of 85% of the Fair Market Value (as defined) of such share on either (a) the first date of each six-month period commencing on each July 1 or January 1 (the "Offering Date") or (b) the last day of each six-month period from an Offering Date (the "Purchase Date"). The Fair Market Value with respect to shares of any class of common stock is generally defined as the average of the high and low quoted sales price of a share of such stock on the applicable date as reported on the New York Stock Exchange Composite Transaction Tape.

The maximum number of shares of common stock which may be issued or allocated pursuant to the Plan is 750,000 shares of Brink's Stock, 375,000 shares of BAX Stock and 250,000 shares of Minerals Stock.

Effective May 4, 1998, the designation of Pittston Burlington Group Common Stock and the name of the Pittston Burlington Group were changed to Pittston BAX Group Common Stock and Pittston BAX Group, respectively. All rights and privileges of the holders of such Stock are otherwise unaffected by such changes. The stock continues to trade on the New York Stock Exchange under the symbol "PZX".

ELIGIBILITY

Generally, any employee of The Pittston Company or a designated subsidiary (a "Subsidiary") (a) whose date of hire was at least six months prior to the commencement of the six-month period from an Offering Date to and including the next following Purchase Date (the "Offering Period")

and (b) who is customarily employed for at least 20 hours per week and at least five months in a calendar year is eligible to participate in the Plan; provided, however, that in the case of an employee who is covered by a collective bargaining agreement, he or she shall not be considered an eligible employee unless and until the labor organization representing such individual has accepted the Plan on behalf of the employees in the collective bargaining unit. Any such employee shall continue to be an eligible employee during an approved leave of absence provided such employee's right to continue employment with The Pittston Company or a Subsidiary upon expiration of such employee's leave of absence is guaranteed either by statute or by contract with or a policy of The Pittston Company or a Subsidiary.

CONTRIBUTIONS

Participants can elect to contribute any whole percentage from 1% up to and including 10% of their annual base rate of pay, including commissions, but generally excluding overtime or premium pay. A participant may reduce (but not increase) the rate of payroll withholding during an Offering Period at any time prior to the end of such Offering Period for which such reduction is to be effective. Not more than one reduction may be made in any Offering Period unless otherwise determined by nondiscriminatory rules. Each participant designates a percentage in multiples of 10% of the amounts withheld during an Offering Period that is to be used to purchase Brink's Stock, BAX Stock or Minerals Stock; provided, however, that 100% of the amount withheld is allocated between the three classes of common stock. In the event a participant elects to reduce the rate of payroll withholding during an Offering Period, such reduction shall be applied ratably to the allocation of his or her withheld amounts among the three classes of common stock. During an Offering Period, a participant may not change the allocation of his or her withholdings for such Offering Period although such allocation may be changed for any subsequent Offering Period. A participant who elects to cease participation in the Plan may not resume participation in the Plan until after the expiration of one full Offering Period (following cessation of participation).

No participant shall have a right to purchase shares of any class of common stock if (a) immediately after electing to purchase such shares, such participant would own common stock possessing 5% or more of the total combined voting power or value of all classes of stock of The Pittston Company or of any Subsidiary, or (b) the rights of such participant to purchase common stock under the Plan would accrue at a rate that exceeds $15,000 of Fair Market Value of such common stock (determined at the time or times such rights are granted) for each calendar year for which such rights are outstanding at any time.

DISTRIBUTION

A participant may elect, as of the first day of any calendar quarter, to have some or all of the full shares of any class of common stock purchased by the Plan on his or her behalf, registered in such individual's name. Shares of common stock purchased on behalf of a participant generally must be held by the Plan or participant for a period of at least six months from the date such shares of common stock are purchased. Shares registered in the name of a participant may not be conveyed, sold, transferred, encumbered or otherwise disposed of until the expiration of this six-month period without the prior written consent of the Company.

Should a participant elect to cease active participation in the Plan with respect to any or all of the three classes of common stock at any time up to the end of an Offering Period, all payroll deductions credited to such participant's plan account and allocated to the purchase of the class of common stock with respect to which the participant is ceasing participation shall be returned to such participant in cash, without interest, as promptly as practicable.

In the event of the termination of a participant's employment for any reason, including retirement or death, or the failure of a participant to remain eligible under the terms of the Plan, all full shares of each class of common stock then held for his or her benefit shall be registered in such individual's name and an amount equal to the Fair Market Value (on the date of registration of full shares of common stock in the name of the participant) of any fractional share then held for the benefit of such participant shall be paid to such individual, in cash, as soon as administratively practicable, and such individual shall thereupon cease to own the right to any such fractional share. Any amounts credited to such individual, prior to the last day of each six-month Offering Period, shall be refunded, without interest, to such individual or, in the event of his or her death, to his or her legal representative.

TERMINATION

The Plan will remain in effect until June 30, 2002, unless extended pursuant to shareholder approval.

The Board of Directors of The Pittston Company may, at any time and from time to time, amend, modify or terminate the Plan, but no such amendment or modification without the approval of the shareholders shall: (a) increase the maximum number (determined as provided in the Plan) of shares of any class of common stock which may be issued pursuant to the Plan; (b) permit the issuance of any shares of any class of common stock at a purchase price less than that provided in the Plan as approved by the shareholders; (c) extend the term of the Plan; or (d) cause the Plan to fail to meet the requirements of an "employee stock purchase plan" under the Code.

BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting.

INCOME TAXES

The Plan, and the rights of participants to make purchases thereunder, is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. The Plan is not qualified under Section 401(a) of the Code. Pursuant to Section 423 of the Code, no income (other than dividends) will be taxable to a participant until disposition of the shares purchased under the Plan. Upon the disposition of the shares, the participant will generally be subject to tax and the amount and character of the tax will depend upon the holding period. Dividends received on shares held by the Plan on behalf of a participant are taxable to the participant as ordinary income. Therefore, the Plan does not provide for income taxes.

ADMINISTRATIVE COSTS

All administrative costs incurred by the Plan are paid by the Company.

2. INVESTMENTS

At December 31, 1998, investments in the Plan consisted of 91,671 shares of Brink's Stock with a total cost of $2,062,238, 68,411 shares of BAX stock with a total cost of $1,055,433 and 100,231 shares of Minerals Stock with a total cost of $769,328.

At December 31, 1997, investments in the Plan consisted of 80,057 shares of Brink's Stock with a total cost of $1,523,359, 53,513 shares of BAX stock with a total cost of $804,462 and 63,349 shares of Minerals Stock with a total cost of $661,446.

At December 31, 1998 and 1997, the Plan had a total of 1,520 and 1,361 participants, respectively. The cost values of investments under the Plan are calculated using an average cost methodology.

3. UNREALIZED APPRECIATION (DEPRECIATION) ON COMMON STOCK

Changes in unrealized appreciation and depreciation on common stock of the Plan are as follows:

1998

	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
Unrealized appreciation (depreciation):				
Beginning of year	$ 1,698,935	600,254	(186,328)	2,112,861
End of year	859,775	(294,361)	(543,579)	21,835
Change in unrealized appreciation (depreciation)	$ (839,160)	(894,615)	(357,251)	(2,091,026)

1997

	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
Unrealized appreciation (depreciation):				
Beginning of year	$ 811,032	294,624	276,117	1,381,773
End of year	1,698,935	600,254	(186,328)	2,112,861
Change in unrealized appreciation (depreciation)	$ 887,903	305,630	(462,445)	731,088

1996

	Pittston Services Group Common Stock	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
Unrealized appreciation:					
Beginning of year	$ 501,254	--	--	86,717	587,971
Effect of Brink's Stock Proposal	(513,536)	361,324	152,212	--	--
End of year	--	811,032	294,624	276,117	1,381,773
Change in unrealized appreciation	$ 12,282	449,708	142,412	189,400	793,802

4. REALIZED GAIN (LOSS) ON DISTRIBUTIONS

The realized gain (loss) on distribution of common stock as a result of participant withdrawals is as follows:

1998

	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
Value of shares distributed:				
Market value	$ 1,051,334	317,982	160,046	1,529,362
Cost basis	585,854	310,817	250,910	1,147,581
Realized gain (loss) on distribution of shares to participants	$ 465,480	7,165	(90,864)	381,781

1997

	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
Value of shares distributed:				
Market value	$ 1,526,632	635,403	236,022	2,398,057
Cost basis	727,986	349,179	296,393	1,373,558
Realized gain (loss) on distribution of shares to participants	$ 798,646	286,224	(60,371)	1,024,499

1996

	Pittston Brink's Group Common Stock	Pittston BAX Group Common Stock	Pittston Minerals Group Common Stock	Total
Value of shares distributed:				
Market value	$ 699,852	214,353	210,631	1,124,836
Cost basis	405,902	144,145	151,213	701,260
Realized gain on distribution of shares to participants	$ 293,950	70,208	59,418	423,576

Participant withdrawals for the year ended December 31, 1998 consisted of 28,085 shares of Brink's Stock, 19,337 shares of BAX Stock and 28,805 shares of Minerals Stock.

Participant withdrawals for the year ended December 31, 1997 consisted of 39,340 shares of Brink's Stock, 23,684 shares of BAX Stock and 28,266 shares of Minerals Stock.

Participant withdrawals for the year ended December 31, 1996 consisted of 25,795 shares of Brink's Stock, 11,658 shares of BAX Stock and 14,967 shares of Minerals Stock.

5. SUBSEQUENT EVENTS

In January 1999, the Plan purchased from The Pittston Company Employee Benefits Trust, 22,187 shares of Brink's Stock at $26.483 per share, 27,918 shares of BAX Stock at $9.085 per

share and 84,671 shares of Minerals Stock at $1.806 per share for a total purchase price of $994,091 to satisfy contributions made for the last six months of the Plan year ended December 31, 1998.

As a result of the January 1999 purchase of shares, the maximum number of Minerals Stock shares had been issued pursuant to the Plan.

At a meeting held on March 12, 1999, the Company's Board of Directors adopted an amendment to increase the maximum number of shares of common stock which may be issued pursuant to the Plan to 750,000 shares of Brink's Stock, 375,000 shares of BAX Stock and 650,000 shares of Minerals Stock. This amendment to the Plan is subject to shareholder approval on May 7, 1999.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

1994 Employee Stock Purchase Plan
of The Pittston Company

(Name of Plan)

/s/ Frank T. Lennon

(Frank T. Lennon
Vice President - Human Resources
and Administration)

March 23, 1999

Consent of Independent Auditors

The Participants of the 1994 Employee Stock
Purchase Plan of The Pittston Company:

We consent to incorporation by reference in the registration statement (No. 33-53565) on Form S-8 of The Pittston Company of our report dated March 12, 1999, relating to the statements of financial condition of the 1994 Employee Stock Purchase Plan of The Pittston Company as of December 31, 1998 and 1997, and the related statements of income and changes in plan equity for each of the years in the three-year period ended December 31, 1998, which report appears in the 1998 Annual Report on Form 11-K of the 1994 Employee Stock Purchase Plan of The Pittston Company.

KPMG LLP
Richmond, Virginia

March 23, 1999