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
For the fiscal year ended December 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________
Commission file number 1-9148

THE PITTSTON COMPANY
(Exact name of registrant as specified in its charter)

Virginia (State or other jurisdiction of incorporation or organization)	54-1317776 (I. R. S. Employer Identification No.)
P.O. Box 18100, 1801 Bayberry Court Richmond, Virginia (Address of principal executive offices)	23226-8100 (Zip Code)
Registrant's telephone number, including area code	(804) 289-9600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Pittston Brink's Group Common Stock, Par Value $1	New York Stock Exchange
Rights to Purchase Series A 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. [X]

As of March 1, 2001, there were issued and outstanding 51,777,782 shares of Pittston Brink's Group Common Stock. The aggregate market value of such stocks held by nonaffiliates, as of that date, was $1,003,079,068.

Documents incorporated by reference: Part I, Part II and Part IV incorporate information by reference from the Annual Report of the Company for the year ended December 31, 2000. Part III incorporates information by reference from portions of the Registrant's definitive Proxy Statement to be filed pursuant to Regulation 14A.

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PART I
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ITEMS 1 AND 2. BUSINESS AND PROPERTIES
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The Pittston Company

As used herein, the "Company" includes The Pittston Company except as otherwise indicated by the context. The Company is comprised of four operating segments and one discontinued segment. The four operating segments are Brink's, Incorporated ("Brink's"), Brink's Home Security, Inc. ("BHS"), BAX Global Inc. ("BAX Global") and Other Operations, which consists of Pittston Mineral Ventures ("Mineral Ventures") and the Company's timber and gas operations (collectively, "Allied Operations"). The discontinued segment is Pittston Coal Operations ("Coal Operations").

Prior to January 14, 2000, the Company was comprised of three groups - Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group. The Pittston Brink's Group included the Brink's and BHS operations of the Company. The Pittston BAX Group included the BAX Global operations of the Company. The Pittston Minerals Group included the Pittston Coal Company and Mineral Ventures operations of the Company. Also, prior to January 14, 2000, the Company had 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, the BAX Group and the Minerals Group, respectively.

On December 6, 1999, the Company announced that its Board of Directors (the "Board") approved the elimination of the tracking stock capital structure by an exchange of all outstanding shares of Minerals Stock and BAX Stock for shares of Brink's Stock (the "Exchange"). The Exchange took place on January 14, 2000 (the "Exchange Date"). On the Exchange Date, holders of Minerals Stock received 0.0817 shares of Brink's Stock for each share of their Minerals Stock; and holders of BAX Stock received 0.4848 shares of Brink's Stock for each share of their BAX Stock. See Note 10 of the Company's consolidated financial statements for additional information concerning the Exchange on pages 44 through 46 of the Company's 2000 Annual Report, which are incorporated herein by reference. From and after the Exchange Date, Brink's Stock is the only outstanding class of common stock of the Company and continues to trade on the New York Stock Exchange under the symbol "PZB". Prior to the Exchange Date, the Brink's Stock reflected the performance of the Brink's Group only; after the Exchange Date, the Brink's Stock reflects the performance of the Company as a whole. Shares of Brink's Stock after the Exchange are hereinafter referred to as "Pittston Common Stock".

In addition, on December 6, 1999, the Company announced its intention to exit the coal business. During the fourth quarter of 2000, the Company formalized its plan of disposal and, as such, the operating results of Coal Operations are reported as discontinued operations as of December 31, 2000.

Financial information related to the Company's segments is included in Note 14 of the Company's consolidated financial statements on pages 51 through 52 of the Company's 2000 Annual Report, which are incorporated herein by reference. The information set forth with respect to "Business and Properties" is as of December 31, 2000 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, 2000, 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 Other Operations are carried on by Pittston Mineral Ventures Company and its subsidiaries and certain affiliates (together, "Mineral Ventures") and Pittston's timber and gas operations (together, "Allied Operations").

The Company has a total of approximately 49,400 employees.

BUSINESS AND SECURITY SERVICES

The business and security services businesses of the Company consist of Brink's, Brink's Home Security and BAX Global.

Brink's

General

The major activities of Brink's are contract-carrier armored car, automated teller machine ("ATM"), air courier (global services), coin wrapping, and currency and deposit processing services. Brink's serves customers through 149 branches in the United States and 39 branches in Canada. Service is also provided through subsidiaries, affiliates and associated companies in 52 countries outside the United States and Canada. These international operations contributed approximately 49% of Brink's total reported 2000 operating profit.

Brink's ownership interest in subsidiaries and affiliated companies ranges from 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, central banks, such as the US Federal Reserve Banks and their branches and correspondents, and brokerage firms. Brink's also transports new currency, coins and precious metals for a number of central banks throughout the world. For transporting money and other valuables over long distances, Brink's offers a combined armored car and air courier service linking many cities around the world. 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'r' 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 Arezzo, Italy.

Brink's has the ability, through its information systems, to integrate 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 International operations, which accounted for approximately 56% of its revenues in 2000, operate in 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 and Russia. Brink's has a 70% interest in subsidiaries in Israel and Morocco, 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, the United Arab Emirates and Turkey. In Latin America, wholly owned subsidiaries operate in Brazil, Puerto Rico and Bolivia. Brink's owns a 61% interest in a subsidiary in Venezuela, a 74% interest in a subsidiary in Chile, a 51% 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 1,500 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 and Taiwan, and majority owned subsidiaries operate in Hong Kong (90% owned), Japan (81% owned) and Singapore (60% owned). Brink's has minority interests in affiliates in India, Pakistan and Thailand ranging from 40% to 49%. Brink's also operates representative offices in China, Vietnam and the Philippines.

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 that are denominated in currencies other than the functional currency of the subsidiary performing the transaction. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency fluctuations in any one country may have 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. Although the cost of service is, in many instances, the controlling factor in obtaining and retaining customers. Brink's believes that its service, high quality insurance coverage and company reputation (including the name "Brink's") are important competitive advantages. 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

BRINKS is a registered service mark in the United States and certain foreign countries. The BRINKS mark, name and related marks 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 machines expire in 2007 and patents related to counting machines expire in 2008. In addition, Brink's has a patented integrated service called CompuSafe'r' service that expires in 2018. CompuSafe(R) service has been designed to streamline the handling and management of cash receipts.

Insurance

Excess of prudent deductibles and/or retentions, 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 International operations are regulated to varying degrees by the countries in which they operate.

Employee Relations

At December 31, 2000, Brink's and its subsidiaries had approximately 11,300 employees in North America, of whom approximately 2,600 were classified as part-time employees. In the United States, two locations (ten employees) are covered by collective bargaining agreements. At December 31, 2000, Brink's was a party to two United States and twelve Canadian collective bargaining agreements with various local unions covering approximately 1,600 employees, most of whom are employees in Canada and members of unions affiliated with the International Brotherhood of Teamsters. Negotiations are continuing on one agreement that expired in 2000 and two agreements expiring in 2001. The remaining agreements will expire after 2001. At December 31, 2000, Brink's had approximately 24,200 employees outside North America. Brink's believes that its employee relations are satisfactory.

Properties

In the United States and Canada, Brink's owns 29 branch offices and holds under lease an additional 159 branch offices, located in 38 states, the District of Columbia 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 2005, with an option for an early termination in 2003. The leased branches include 120 facilities held under long-term leases, while the remaining 39 branches are held under short-term leases or month-to-month tenancies.

Brink's owns or leases, in the United States and Canada, approximately 2,500 armored vehicles, 300 panel trucks and 200 other vehicles that are primarily service cars. In addition, approximately 5,200 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 500 owned or leased branches with approximately 5,000 owned or leased armored vehicles.

Brink's Home Security ("BHS")

General

BHS is primarily engaged in the business of marketing, selling, installing, monitoring and servicing electronic security systems in owner-occupied, single-family residences. At December 31, 2000, BHS had approximately 675,200 systems under monitoring contracts, including sites for approximately 82,000 new subscribers added since December 31, 1999. BHS services more than 100 metropolitan areas in 42 states, the District of Columbia and two western provinces in Canada. BHS believes that it is the fourth largest provider of residential monitored security service in North America.

BHS maintains a very high focus on delivering quality service in key areas of its sales, installation and monitoring operations, including all major aspects of its customer service functions. BHS believes that this commitment to quality is reflected in its customer retention rate, believed to be the highest in the industry among the major security service companies.

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

BHS creates most of its new residential subscriber relationships through its in-house marketing, sales and installation functions. BHS markets its alarm systems primarily through advertising, inbound telemarketing and a field sales force directly employed by the company. BHS employees install and service the systems from local BHS branches. Subcontractors are utilized on occasion in some service areas. BHS does not manufacture any of the equipment used in its security systems; instead, it purchases such equipment from a limited number of suppliers. Equipment inventories are maintained at each branch office.

BHS has established an authorized dealer program to expand the company's geographic coverage and leverage the company's national advertising. During 2000, the dealer program accounted for less than 5% of installations and, as of December 31, 2000, approximately 26 dealers were actively participating in the program. BHS requires that its dealers install the same line of equipment as is installed by its own branches, and adhere to the same installation quality standards.

In addition to creating subscriber relationships through its branch and dealer networks, BHS develops new residential subscribers through its Brink's Home Technologies division and its multi-family housing program. Brink's Home Technologies markets residential security systems, as well as a variety of low-voltage security, home networking, communications and entertainment options, directly to major home builders. BHS has begun working with multi-family housing developers and operators to provide monitored security to individuals and families residing in apartment and condominium complexes.

Although its core business is focused on the monitoring of residential security systems, BHS installs and monitors commercial security systems on a limited basis. Additionally, BHS has developed a licensing program by which it will license the Brink's or BHS name. Examples include licenses to distributors of security products (padlocks, home safes, etc.) offered for sale to consumers through major retail chains.

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. Regulation of the installation and monitoring of fire detection devices has also increased in several local markets. 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. BHS believes its false alarm rate compares favorably to other companies' rates. However, 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. Additionally, the high incidence of false alarms in the industry has caused some local governments to impose assessments, fines and penalties on either subscribers of alarm companies or the alarm companies themselves, based upon the number of false alarms reported to the authorities. BHS believes its alarm service contracts allow BHS to pass these charges on to the appropriate customers.

Competition

BHS competes in most major metropolitan markets in the United States and several markets in western Canada through its company branch operations or its authorized dealer program. BHS believes that its share of the North American market for monitored single-family home security systems is between 4% and 5% of new installations.

The home security market has large numbers of competitors, including many local and regional companies. The largest provider of residential monitored security systems is estimated by BHS to have approximately 20% of the North American market for new installations. Several of the large competitors with whom BHS competes on a national basis rely extensively on independent dealers to sustain the growth in their customer bases.

There has been substantial competitive pressure on installation fees in recent years. 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. Competition in every market is based on a variety of factors including, but not limited to, price, product quality, company reputation, service quality, and warranty terms. Competitive pressure on monitoring rates, while less intense than on installation fees, is still substantial. The monitoring rates offered by BHS are generally comparable to the rates offered by other major security companies.

The Federal Telecommunications Reform Act of 1996 contains provisions specific to the alarm industry, including a five-year waiting period prior to market entry for regional Bell operating companies ("RBOCs") not already providing alarm service. With the expiration of the prohibition in February 2001, RBOCs may become significant competitors in the home alarm business.

Employees

BHS has approximately 2,300 employees, none of whom is covered by a collective bargaining agreement. BHS believes that its employee relations are satisfactory.

Properties

BHS operates from 57 leased offices and warehouse facilities located throughout 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. The central monitoring station is leased for a seven-year term ending in 2005, inclusive of renewals. 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 leases all of the 1,178 vehicles used for installation and servicing of its security systems.

BHS retains ownership of nearly all of the approximately 675,200 systems currently under contract. When a current customer cancels monitoring services and does not move, BHS either disables the system or removes the equipment, in either case fully reserving any remaining book value of the equipment; retaining ownership helps prevent another alarm company from providing services using BHS security equipment. On the other hand, when a current customer cancels monitoring services because of a move, the retention of ownership of the equipment facilitates the marketing of monitoring services to the new homeowner.

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

BAX Global

General

BAX Global is a transportation and supply chain management company offering multi-modal freight forwarding to business-to-business shippers through a global network. In North America, BAX Global is able to provide overnight, second day and deferred freight delivery, and internationally it is engaged in time-definite air and sea delivery, 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 transportation fleet and hub sorting facilities) 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 more than 40 logistics warehouse and distribution facilities in key world markets.

BAX Global specializes in developing supply chain management programs for companies wanting to quickly enter new global markets or consolidate regional activity. 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 products and pricing solutions for their shipment needs, such as guaranteed overnight delivery, second-day delivery or delivery within one to three business days 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 123 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 71% of its revenues in 2000. Intra-US revenues accounted for 29% of total revenues in 2000.

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. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency fluctuations in any one country may have 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, is a 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 computers for automated retrieval by any BAX Global office.

Aircraft Operations

On April 30, 1998, the Company 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 North American 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 utilizes a fleet of twenty-five leased or contracted aircraft primarily 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 next-day service to or from domestic, Canadian and Mexican locations. Besides providing lift capacity to BAX Global, ATI also services other customers, primarily the US military, using four leased and two owned planes, five of which are combi-configuration planes.

The following is a summary of the aircraft fleet as of March 2001. This summary excludes ten planes subject to the BAX Global restructuring plan of which four are owned planes that have been taken out of service and placed for sale, three are planes under lease or contract that terminate early 2001, and three are planes under leases that have been grounded:

	Commercial Cargo System	Combi Configuration	Total
Leased or Contracted:			
DC-8	13	3	16
727	13	-	13
Total Leased or Contracted	26	3	29
Owned:			
DC-8	-	2	2
Total Owned:	-	2	2
Total Planes (a)	26	5	31

(a) Of the 26 planes in the commercial cargo system, 25 are fully dedicated to BAX Global as opposed to other customers serviced by ATI.

The aircraft in combi configuration (designed to carry cargo and passengers) are utilized for US Government Air Mobility Command missions. The three which are not owned are held under leases for terms expiring between January 2002 and September 2003. At December 31, 2000, BAX Global had seventeen DC-8 cargo aircraft (including those subject to the restructuring plan) under leases for terms primarily expiring between January 2001 and July 2003. Thirteen 727 cargo aircraft were under contract at December 31, 2000, for terms ranging between one and two 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 nightly lift capacity in operation at December 31, 2000, excluding the capacity related to planes that were subject to BAX Global's restructuring plan, was approximately 1.4 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, 2000, was approximately 2.3 million pounds.

For aircraft owned or held under long-term lease, ATI 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 2000, ATI had cash outlays totaling approximately $50 million on routine heavy maintenance of its aircraft fleet.

The average airframe age of the fleet operated by ATI is 33 years, however, the condition of particular aircraft is dependent on their maintenance history. Factors other than age, such as cycles (essentially the number of flights) 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 $50 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 April 2019, 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.

Over the course of 2000, the operating performance of BAX Global's Americas region was negatively impacted by lower than expected demand and higher transportation, operating and administrative costs relative to that lower demand. As such, BAX Global evaluated alternatives directed at returning its Americas operations to profitability, including ways to improve sales performance and to reduce transportation, operating and administrative expenses. During the fourth quarter of 2000, BAX Global finalized a restructuring plan aimed at reducing the capacity and cost of its airlift capabilities in the US as well as reducing station operating expenses, sales costs and overhead in the Americas and Atlantic regions, including:

- The removal of 10 planes from the fleet, 9 of which were dedicated to providing lift capacity in BAX Global's commercial cargo system.

- The closure of 9 operating stations and realignment of domestic operations.

- The reduction of employee-related costs at BAX Global and ATI through the elimination of approximately 300 full-time positions including aircraft crew and station operating, sales and business unit overhead positions.

In addition, certain Atlantic region operations were streamlined in order to reduce overhead costs and improve overall performance in that region. The Atlantic region restructuring efforts involved severance costs and station closing costs in the UK, Denmark, Italy and South Africa. Approximately 50 positions were eliminated, most of which were positions at or above manager level.

The following is a summary of the charges incurred in the fourth quarter related to the restructuring:

(In thousands)	Americas Region	Atlantic Region	Total BAX Global
Fleet related charges	$49,702	-	49,702
Severance costs	1,130	1,148	2,278
Station and other closure costs	3,777	1,730	5,507
Total restructuring charge (a)	$54,609	2,878	57,487

(a) Includes noncash charges of $45,180. Substantially all severance costs are expected to be paid out before June 30, 2001. Other cash charges primarily include contractual commitments for aircraft and facilities, approximately two-thirds of which are expected to be paid out during 2001, with the remainder expected to be paid out by the end of 2002.

Customers

BAX Global's customer base includes thousands of industrial and commercial shippers, both large and small. The industries they represent include the automotive, aerospace, healthcare, high technology, retail and other industries where rapid delivery of high-value products is required. In 2000, no single customer accounted for more than 5% of BAX Global's total worldwide revenues. BAX Global has a long-term, noncancellable services contract with a major airline which expires at the end of 2001.

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 the market 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 heavy freight market, particularly for the business of high volume shippers. BAX Global competes with other integrated transportation companies that operate their own fleet, as well as with air freight forwarders, premium LTL carriers, 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, that offer specialized time specific 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 ("FAA"), and pursuant to that statute, the Department of Transportation (the "DOT") may exercise regulatory authority over BAX Global. ATI operates an FAA-certificated fleet which is subject to such regulations. In addition, ATI is subject to FAA regulations since it is an airline. BAX Global's Toledo, Ohio, hub operations are also subject to the direction of the FAA.

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

Employee Relations

BAX Global and its subsidiaries have approximately 10,100 employees worldwide, of whom about 1,500 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, and Minneapolis, Minnesota are represented by labor unions, that in most cases are affiliated with the International Brotherhood of Teamsters. In November 2000, flight crewmembers employed by ATI (captains, first officers and flight engineers), represented for purposes of collective bargaining by the International Brotherhood of Teamsters, ratified an initial collective bargaining agreement which covers a 42 month period. As of December 31, 2000, approximately 180 of these flight crewmembers were employed by ATI. Other employees are not represented by any labor organization. BAX Global successfully negotiated contracts in 2000 with the clerical union at John F. Kennedy Airport, as well as the dock union at Minneapolis, Minnesota. BAX Global did not experience any significant strike or work stoppage in 2000 and considers that its employee relations are satisfactory.

Most of BAX Global's cartage operations are conducted by independent contractors. However, in 2000 BAX Global elected to insource cartage in three south central division locations.

Properties

BAX Global operates 251 (99 domestic and 152 international) stations with BAX Global personnel, and has agency agreements with an additional 237 (49 domestic and 188 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 44 states, the District of Columbia and Puerto Rico. BAX Global-operated international facilities are located in 32 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 2019, 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 44 automobiles as well as 150 vans and trucks utilized in station work or for hauling freight between airport facilities and BAX Global's stations.

NATURAL RESOURCES

The Company's continuing natural resources businesses ("Other Operations") include Pittston's timber and natural gas businesses (collectively, "Allied Operations") and Mineral Ventures that mines and explores for gold.

Allied Operations

Through its Allied Operations, the Company owns non-coal properties, such as land, hardwood forests and natural gas reserves. The oil and gas rights are managed by an indirect wholly-owned subsidiary of the Company that, in general, invests in and receives royalty income from gas development and operations. As of December 31, 2000, including royalty interests, net proven developed natural gas reserves located in Virginia and West Virginia approximated 55.8 Bcf. Allied Operations' wood products subsidiary receives income from the sale of timber, the operation of a high grade sawmill that produces 7 million board feet annually, the operation of a railroad tie mill facility that produces 9.2 million board feet of ties (approximately 230 thousand ties) and 6.6 million board feet of lumber annually, and the operation of a hardwood chip mill that produces 250 thousand tons annually of hardwood chips for the pulp and paper industry. The Company owns approximately 225 thousand surface acres of land including approximately 125 thousand acres of saw timber grade hardwood forests, mostly in Virginia, comprising approximately 435 million board feet.

Mineral Ventures

Mineral Ventures' business is directed at locating and acquiring mineral assets, developing advanced stage projects and operating mines. Mineral Ventures continued to evaluate gold projects in North America and Australia throughout 2000. During the fourth quarter of 2000, the decision was made to discontinue exploration activities in Nevada. In 2000, Mineral Ventures expended approximately $5.0 million on all exploration and operational activities.

Mineral Ventures has 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 45.1% undiluted (40.1% fully diluted) ownership interest in its joint venture partner MPI. The Stawell gold mine produced approximately 114,500 ounces of gold in 2000. Mineral Ventures estimates that on December 31, 2000, the Stawell gold mine had approximately 455,000 ounces of proven and probable gold reserves.

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, from time to time, uses foreign currency forward contracts to hedge the currency risks associated with these transactions. Mineral Ventures also routinely enters into gold price hedge transactions primarily utilizing spot deferred forward sales contracts limited in amount to potential gold production over a given period.

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

DISCONTINUED OPERATIONS

The Company's Coal Operations has been reported as a discontinued operation as of December 31, 2000 due to the Company's formal plan to exit the business. The following is a brief description of that business.

Coal Operations

General

Coal Operations is primarily engaged in the mining, preparation and marketing of coal, the purchase of coal for resale, and the sale or leasing of coal lands to others. Through Coal Operations, the Company produces coal from approximately 23 company or contractor 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 merchant coke producers primarily located in the United States, Western Europe, the Mediterranean basin and Brazil. Coal Operations 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.

Production

The following table indicates the tonnage of coal purchased and produced by Coal Operations for the years ended 2000, 1999 and 1998.

(In thousands of tons)	Years Ended December 31 2000	1999	1998
Produced	9,805	10,620	12,852
Purchased	1,524	2,346	3,536
Total	11,329	12,966	16,388

Sales

The following table indicates the approximate tonnage of coal sold by Coal Operations in the years ended December 31, 2000, 1999 and 1998 in the domestic (United States and Canada) and export markets:

(In thousands of tons)	Years Ended December 31 2000	1999	1998
Domestic	9,272	9,360	10,906
Export	2,679	3,488	5,831
Total sold	11,951	12,848	16,737

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 issuance of "notices of violation" which direct the mine operator to correct the cited conditions within a stated period of time. Coal Operations' 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, Coal Operations has reached a broad settlement with the OSM involving SMCRA liabilities of former contractors. Coal Operations has also entered into a number of similar agreements with the states. Under these agreements, Coal Operations 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 Coal Operations on account of the contractor liabilities being settled. Coal Operations is in the process of successfully completing all required work under these agreements.

Coal Operations 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 Coal Operations' mines and other facilities to assure compliance.

Federal, state and local authorities strictly monitor the sulphur dioxide and particulate emissions from electric power plants served by Coal Operations. In 1990, Congress enacted the Clean Air Act Amendments of 1990 that, 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 Coal Operations' extensive reserves of low sulphur coals. However, the Company cannot currently predict the timing or extent of such favorable impact.

Mine Health and Safety Laws

The coal operating companies included within Coal Operations are generally liable under federal laws requiring payment of benefits to coal miners with pneumoconiosis ("black lung"). Further, the Coal Operations' subsidiaries are subject to the federal black lung excise tax ("FBLET") on domestic coal sales imposed by the Black Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977, as amended by the Black Lung Benefits and Revenue Amendments Act of 1981, the Consolidated Omnibus Budget Reconciliation Act of 1985 and the Omnibus Budget Reconciliation Act of 1987. On February 10, 1999, the US District Court of the Eastern District of Virginia entered a final judgment in favor of certain of the Company's subsidiaries, ruling that the Federal Black Lung Excise Tax ("FBLET") imposed under Section 4121 of the Internal Revenue Code is unconstitutional as applied to export coal sales and ordering a refund to the subsidiaries. A total of $0.8 million (including interest) was refunded in 1999 for the FBLET that those companies paid for the quarter ended March 31, 1997. The Company has sought refunds of the FBLET it paid on export coal sales for all open statutory periods and expects to receive such refunds for some or all of that tax paid (plus interest) pursuant to a review of claim documentation by the Internal Revenue Service. Due to the uncertainty of the ultimate amounts to be received, which it estimates could range from $12 million to $20 million (pretax), and timing of the FBLET refunds, the Company has not currently recorded a receivable for such amounts in its estimate of operating losses during the sale period. The Company is also pursuing additional claims pending a decision by the US Supreme Court related to another company. The ultimate amounts and timing of such additional refunds, if any, cannot be determined at this time.

Although the Company would not be currently liable for a multi-employer pension plan withdrawal liability associated with its planned exit from the coal business, it could, under certain circumstances, become liable for such obligations during the sale process. Such liability, if any, is subject to several factors, the effects of which cannot be predicted at this time. Those factors include funding and benefit levels of the plans and the ultimate timing and form of the sale transactions. Accordingly, the Company has not recorded a withdrawal liability in the determination of the estimated loss on disposal.

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 Coal Operations has not been and should not be adversely affected except in the export market where Coal Operations competes with various foreign producers subject to less stringent health and safety regulations.

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 ("unassigned beneficiaries"), including, in the Company's case, the Pittston Companies 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 the assigned beneficiaries for which the Pittston Companies are responsible under the Health Benefit Act. 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; the statutory authorization to obtain such funds is currently scheduled to cease by 2005. In the determination of the Pittston Companies' ultimate obligation under the Health Benefit Act, such funding has been taken into consideration.

Prior to December 31, 2000, the Company accounted for its obligations under the Health Benefit Act as a participant in a multi-employer benefit plan and thus, recognized the annual cost of these obligations on a pay-as-you-go basis. For 2000, 1999 and 1998, cash payments for such amounts were approximately $9.0 million, $10.4 million and $9.6 million, respectively. Pursuant to its formal plan to exit the coal business, the Company recorded its estimated undiscounted liability relating to such obligations at December 31, 2000 as a $161.7 million one-time charge to the net loss from discontinued operations. Such obligations, if discounted at 7.5%, would provide a present value estimate of approximately $80 million. The Company currently estimates that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at about the same annual level for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain postretirement health benefits for thousands of additional retired union mine workers and their dependents under plans provided by the Company. Substantially all of the Company's accumulated postretirement benefit obligation for retirees of $325.7 million as of December 31, 2000 relates to such retired workers and their beneficiaries.

The ultimate costs that will be incurred by the Company under the Health Benefit Act and its postretirement medical plans could be significantly affected by, among other things, the rate of inflation for medical costs, changes in the number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted.

The Company acts as self-insurer with respect to almost all black lung benefits. Provision is made for estimated benefits based on annual 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. Cumulative actuarial gains or losses are calculated periodically and amortized on a straight-line basis. Prior to December 31, 2000, assumptions used in the calculation of the actuarial present value of black lung benefits were based on actual retirement experience of the Company's coal employees, black lung claims incidence, actual dependent information, industry turnover rates, actual medical and legal cost experience and projected inflation rates. As of December 31, 2000, certain assumptions were modified to reflect the planned sale of Coal Operations. As of December 31, 2000 and 1999, the actuarially determined discounted value of estimated future black lung benefits was approximately $47 million and $49 million, respectively. The amount expensed (credited) to operations for federal and state black lung benefits was $5.3 million in 2000, $5.1 million in 1999 and ($0.6) million in 1998. In 1998, the black lung credit was favorably impacted by the amortization of actuarial gains.

The Company has established a Voluntary Employees' Beneficiary Association ("VEBA") which is intended to tax efficiently fund certain retiree medical liabilities primarily for retired coal miners and their dependents. The VEBA may receive partial funding from the proceeds of the planned sale of the Company's coal business as well as other sources over time. The Company contributed $15.0 million to the VEBA in December 1999. As of December 31, 2000, the balance of the VEBA was $15.9 million.

Properties

The principal properties of Coal Operations 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.

Coal Operations 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 Coal Operations' share of the throughput and ground storage capacity of the DTA facility is subject to user rights of third parties, which pay Coal Operations a fee. The DTA facility serves export customers, as well as domestic coal users located on the eastern seaboard of the United States.

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 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the future actual clean-up costs, on an undiscounted basis, using existing technologies to be between $6.0 million and $9.5 million. 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 clean-up estimates have been modified from prior years' in light of cost inflation, the application of new technologies and certain assumptions the Company is making with respect to the end use of the property. 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 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. The Company was able to conclude settlement with all of its insurers without a trial. Taking into account the proceeds from the settlement with its insurers, 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 have a significant adverse impact on the Company's results of operations or financial position.

Forward Looking Information

Certain of the matters discussed herein, including statements regarding increased competition in the home alarm business by regional Bell operating companies, the possibility that police departments may refuse to respond to calls from alarm companies and the necessity that BHS use a private response force, the ability of BAX Global to renew certain aircraft leases or enter into new leases on reasonably comparable terms, the timing of the payment of charges related to BAX Global's restructuring, reductions by BAX Global of the dedicated cargo fleet, the highly competitive nature the air and ocean freight forwarding and supply chain management industries, the amount of proven and probable gold reserves in the Stawell gold mine, the amount of natural gas reserves, the outcome of BAX Global's plans to reduce capacity and cost of its airlift capabilities in the US and to reduce station operating expenses, sales costs and overhead in the Americas and Atlantic regions, the amount and timing of FBLET refunds, the competitive position of Coal Operations, costs of long-term benefit obligations including black lung expenses, projections about market risk, environmental clean-up estimates, Health Benefit Act expenses and the timing of funding and source of funds for the VEBA 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, strategic decisions by the regional Bell operating companies, the incidence of false alarms, the market for airplanes, the actual amount of gold reserves in the Stawell gold mine, the actual amount of natural gas reserves held by Allied Operations, the position taken by the Internal Revenue Service with respect to the timing and amount of FBLET refunds, overall economic and business conditions, foreign currency exchange rates, the demand for the Company's products and services, the timing and ultimate outcome of the sale of the coal assets, initiatives to control costs and increase profitability, pricing and other competitive industry factors, fuel prices, new government regulations and/or legislative initiatives, issuance of permits, judicial decisions, variations in costs or expenses including interest rates, variations in the spot prices of coal and the ability of counterparties to perform.

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ITEM 3. LEGAL PROCEEDINGS
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Not applicable.

ITEM 4. SUBMISSION OF MATTER TO A VOTE OF SECURITY HOLDERS
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Not applicable.

The Pittston Company and Subsidiaries
Executive Officers of the Registrant

The following is a list as of March 15, 2001, 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	50	President and Chief Executive Officer	1998
		Chairman of the Board	1999
James B. Hartough	53	Vice President-Corporate Finance and Treasurer	1988
Frank T. Lennon	59	Vice President-Human Resources and Administration	1985
Austin F. Reed	49	Vice President, General Counsel and Secretary	1994
Robert T. Ritter	49	Vice President and Chief Financial Officer	1998
Other Officers:			
Amanda N. Aghdami	32	Controller	1997
Arthur E. Wheatley	58	Vice President and Director of Risk Management	1988
Subsidiary Officers:			
Joseph L. Carnes	43	President of BAX Global Inc.	2000
Thomas W. Garges, Jr.	61	President and Chief Executive Officer of Pittston Coal Company	1999
Richard Hickson	44	President of Brink's, Incorporated	2000
Peter A. Michel	58	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. From June 1996 to July 1998, he served as Chief Financial Officer of WLR Foods, Inc. He was a private investor and financial consultant from April 1995 to May 1996 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 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 an Audit Manager with Ernst & Young LLP.

Mr. Carnes was elected President of BAX Global inc. in May 2000. He joined BAX Global as President - US and Canada in September 1999. Prior to joining BAX Global, he served as Executive Vice President, North America for Fritz Companies Inc. where he was employed from 1987 - 1999.

Mr. Hickson was elected President of Brink's, Incorporated in November 2000. He had served as Vice President and Managing Director of Brink's Europe from June 1999, and joined the Brink's organization as Managing Director - Brink's Limited U.K. in February 1998. Prior to joining Brink's, Mr. Hickson served as a Consultant from October 1995 to February 1998, and Chief Executive Officer for Holmes Protection Group, Inc. USA where he was employed from February 1990 to August 1995.

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

Prior to January 14, 2000, the Company was comprised of three groups - Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group. The Pittston Brink's Group included the Brink's and BHS operations of the Company. The Pittston BAX Group included the BAX Global operations of the Company. The Pittston Minerals Group included the Pittston Coal Company and Mineral Ventures operations of the Company. Also, prior to January 14, 2000, the Company had 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, the BAX Group and the Minerals Group, respectively.

On December 6, 1999, the Company announced that its Board of Directors approved the elimination of the tracking stock capital structure by an exchange of all outstanding shares of Minerals Stock and BAX Stock for shares of Brink's Stock (the "Exchange"). The Exchange took place on January 14, 2000 (the "Exchange Date"). On the Exchange Date, holders of Minerals Stock received 0.0817 shares of Brink's Stock for each share of their Minerals Stock; and holders of BAX Stock received 0.4848 shares of Brink's Stock for each share of their BAX Stock. See Note 10 to the Company's consolidated financial statements for additional information concerning the Exchange on pages 44 through 46 of the Company's 2000 Annual Report, which are incorporated herein by reference. From and after the Exchange Date, Brink's Stock is the only outstanding class of common stock of the Company and continues to trade on the New York Stock Exchange under the symbol "PZB". Prior to the Exchange Date, the Brink's Stock reflected the performance of the Brink's Group only; after the Exchange Date, the Brink's Stock reflects the performance of the Company as a whole. Shares of Brink's Stock after the Exchange are hereinafter referred to as "Pittston Common Stock".

Reference is made to pages 56 and 57 of the Company's 2000 Annual Report which is incorporated herein by reference, for information required by this item.

On January 18, 2001, the Company issued $75 million of Senior Notes ("Notes") in a private placement. The Notes are comprised of $55 million of 7.84% Senior Notes, Series A, due in 2007, and $20 million of 8.02% Senior Notes, Series B, due in 2008. The Notes were offered and sold solely to a limited number of institutional investors and were exempt from registration under Section 4(2) of the Securities Act of 1933. Proceeds were used to repay borrowings under a bank credit facility.

ITEM 6. SELECTED FINANCIAL DATA

Reference is made to pages 58 through 59 of the Company's 2000 Annual Report which is 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 6 through 22 of the Company's 2000 Annual Report which is 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 23 through 56 of the Company's 2000 Annual Report which is 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 the Company's definitive proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 2000. 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 the Company's definitive proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 2000.

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

3. Exhibits - see exhibit index.

(b) No reports on Form 8-K were filed during the fourth quarter of 2000.

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, 333-02219, 333-78631 and 333-78633.

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 28, 2001.

The Pittston Company
(Registrant)

By /s/ 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 28, 2001.

Signatures	Title
R. G. Ackerman*	Director
Betty C. Alewine*	Director
J. R. Barker*	Director
Marc C. Breslawsky*	Director
J. L. Broadhead*	Director
W. F. Craig*	Director
/s/ M. T. Dan (M. T. Dan)	Chairman, President and Chief Executive Officer (principal executive officer)
G. Grinstein*	Director
R. M. Gross*	Director
/s/ R. T. Ritter (R. T. Ritter)	Vice President and Chief Financial Officer (principal financial officer and principal accounting officer)
C. S. Sloane*	Director

*By /s/ 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, listed in the index below which are included in the Company's 2000 Annual Report for the year ended December 31, 2000, 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 2000 Annual Report of the Shareholders is not deemed filed as part of this report.

PITTSTON 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(i)		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.
2(ii)		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. Exhibit 10(v) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998 (the "1998 Form 10-K").
2(iii)		Shareholders' Agreement, dated as of January 10, 1997, between Brink's Security International, Inc., and Valores Tamanaco, C.A. Exhibit 10(w) to the 1998 Form 10-K.
3(i)		The Registrant's Articles of Correction to its Articles of Incorporation. Exhibit 3(i) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.
3(ii)		The Registrant's Bylaws, as amended through July 14, 2000. Exhibit 3(b) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.
4(a)	(i)	Amended and Restated Rights Agreement dated as of January 14, 2000 (the "Rights Agreement"), between the Registrant and Bank Boston, N.A., as Rights Agent.
	(ii)	Form of Right Certificate for Rights.
		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. Exhibit 4(a) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999 (the "1999 Form 10-K").
10(a)*		The Key Employees' Incentive Plan, as amended. Exhibit 10(a) to the 1998 Form 10-K.
10(b)*		The Key Employees' Deferred Compensation Program, as amended and restated as of January 14, 2000. Exhibit 10(b) to the 1999 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 (the "Trust Agreement"). Exhibit 10(e)(ii) to the 1997 Form 10-K.
	(iii)	Amendment No. 1 to Trust Agreement, dated as of August 18, 1999. Exhibit 10(c)(iii) to the 1999 Form 10-K.
	(iv)	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(I) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994 (filed November 14, 1994 - File No. 1-9148) (the "Third Quarter 1994 Form 10-Q").
	(v)	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.
	(vi)	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 (filed March 26, 1991 - File No. 1-9148) (the "1991 Form 10-K").
10(e)*		The Registrant's Non-Employee Directors' Stock Option Plan, as amended and restated as of January 14, 2000. Exhibit 10(e) to the 1999 Form

10-K.

10(f)* The Registrant's 1988 Stock Option Plan, as amended and restated as of January 14, 2000. Exhibit 10(f) to the 1999 Form 10-K.

10(g)* The Pittston Company Management Performance Improvement Plan. Exhibit 10(g) to the 1999 Form 10-K.

10(h)* 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(i)* Form of Indemnification Agreement entered into by the Registrant with its directors and officers. Exhibit 10(l) to the 1991 Form 10-K.

10(j)* (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(k)* (i) 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(l)* Registrant's Directors' Stock Accumulation Plan, as amended and restated as of January 14, 2000. Exhibit 10(l) to the 1999 Form 10-K.

10(m)* 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 (filed March 24, 1990 - File No. 1-9148).

10(n) (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 (filed August 11, 1989 - File No. 1-9148) (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 (filed May 15, 1990 - File No. 1-9148).

(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 (filed November 13, 1990 - File No. 1-9148) (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 (filed

May 12, 1994 - File No. 1-9148) (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 Registrant's Annual Report on Form 10-K for the year ended December 31, 1996.

10(o) $370,000,000 Credit Agreement, dated as of October 3, 2000, among the Registrant, as Borrower, Certain of Its Subsidiaries, as Guarantors, Various Lenders and Fleet National Bank and Chase Manhattan Bank as Co-Syndication Agents and Bank of America, N.A., as Administrative Agent. Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000.

10(p)* 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(q)* 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(r)* 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(s)* 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(t) Trust Agreement for The Pittston Company Employee Welfare Benefit Trust. Exhibit 10(t) to the 1999 Form 10-K.

10(u) (i) Note Purchase Agreement dated as of January 18, 2001, between the Registrant and the Purchasers listed on Schedule A thereto.

(ii) Form of Series A Promissory Note.

(iii) Form of Series B Promissory Note.

10(v) (i) Receivables Purchase Agreement dated as of December 15, 2000, among BAX Funding Corporation, BAX Global Inc., Liberty Street Funding Corp. and the Bank of Nova Scotia.

(ii) Purchase and Sale Agreement dated as of December 15, 2000, among the Originators named therein, BAX Funding Corporation and BAX Global Inc.

13 2000 Annual Report of the Registrant.

21 Subsidiaries of the Registrant.

23 Consent of independent auditors.

24 Powers of attorney.

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 (filed March 20, 1993 - File No. 1-9148).

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*Management contract or compensatory plan or arrangement.

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STATEMENT OF DIFFERENCES

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

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THE PITTSTON COMPANY

7.84% Senior Notes, Series A, due 2007
8.02% Senior Notes, Series B, due 2008

NOTE PURCHASE AGREEMENT

Dated as of January 18, 2001

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Table of Contents

THE PITTSTON COMPANY
1801 Bayberry Court
P.O. Box 18100
Richmond, VA 23226
Telephone: 804-289-9600
Telecopier: 804-289-9770

7.84% Senior Notes, Series A, due 2007
8.02% Senior Notes, Series B, due 2008

As of January 18, 2001

TO EACH OF THE PURCHASERS LISTED IN
THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

THE PITTSTON COMPANY, a Virginia corporation (the "Company"), agrees with you as follows:

1. AUTHORIZATION OF NOTES.

1.1. The Notes.

The Company has duly authorized the issue and sale of $75,000,000 aggregate principal amount of its Senior Notes, comprising $55,000,000 aggregate principal amount of its 7.84% Senior Notes, Series A, due 2007 (the "Series A Notes") and $20,000,000 aggregate principal amount of its 8.02% Senior Notes, Series B, due 2008 (the "Series B Notes" and, together with the Series A Notes, collectively the "Notes"), such notes to be substantially in the respective forms set out in Exhibits 1.1(a) and 1.1(b). As used herein, the term "Notes" shall mean all notes (irrespective of series unless otherwise specified) originally delivered pursuant to this Agreement and the Other Agreements referred to below and all notes delivered in substitution or exchange for any such note and, where applicable, shall include the singular number as well as the plural. The terms "Note", "Series A Note" and "Series B Note" mean one of the Notes, Series A Notes and Series B Notes, respectively. Certain capitalized and other terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

1.2. The Subsidiary Guarantees.

The Notes will be unconditionally guaranteed by certain of the Company's existing Restricted Subsidiaries, pursuant to subsidiary guarantees substantially in the form of Exhibit 1.2 (individually a "Subsidiary Guarantee" and collectively the "Subsidiary

Guarantees", which terms shall include after the date of the Closing all additional Subsidiary Guarantees from time to time executed and delivered pursuant to Section 9.6).

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to you and you will purchase from the Company, at the Closing provided for in Section 3, Notes of the series and in the principal amount specified opposite your name in Schedule A at the purchase price of 100% of the principal amount thereof. Contemporaneously with entering into this Agreement, the Company is entering into separate Note Purchase Agreements (the "Other Agreements") identical with this Agreement with each of the other purchasers named in Schedule A (the "Other Purchasers"), providing for the sale at such Closing to each of the Other Purchasers of Notes of the series and in the principal amount specified opposite its name in Schedule A. Your obligation hereunder and the obligations of the Other Purchasers under the Other Agreements are several and not joint obligations and you shall have no obligation under any Other Agreement and no liability to any Person for the performance or non-performance by any Other Purchaser thereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Willkie Farr & Gallagher, 787 Seventh Avenue, New York, NY 10019 at 10:00 a.m., New York time, at a closing (the "Closing") on January 18, 2001 or on such other Business Day thereafter on or prior to January 23, 2001 as may be agreed upon by the Company and you and the Other Purchasers. At the Closing the Company will deliver to you the Notes to be purchased by you in the form of a single Note of the series to be purchased by you (or such greater number of Notes in denominations of at least $100,000 as you may request prior to the Closing) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds to the Company's account (account number 9104010609) at The Chase Manhattan Bank, ABA number 021000021.

If at the Closing the Company shall fail to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance; No Default.

The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14) no Default or Event of Default shall have occurred and be continuing. Neither the Company nor any Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Section 10.1 or 10.2 had such Sections applied since such date.

4.3. Compliance Certificates.

(a) Officer's Certificate. The Company shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) Secretary's Certificate. The Company shall have delivered to you a certificate of the Secretary or an Assistant Secretary of the Company certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and this Agreement and the Other Agreements.

4.4. Opinions of Counsel.

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Cravath, Swaine & Moore, special counsel for the Company, substantially in the form set forth in Exhibit 4.4(a)(i) and from Austin F. Reed, Vice President, General Counsel and Secretary of the Company substantially in the form set forth in Exhibit 4.4(a)(ii) (and the Company hereby instructs its counsel to deliver such opinions to you) and (b) from Willkie Farr & Gallagher, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as you may reasonably request.

4.5. Subsidiary Guarantees.

A Subsidiary Guarantee, dated as of a date on or before the date of the Closing and in the form hereinabove recited, shall have been executed and delivered by Brink's, Incorporated, Brink's Home Security, Inc., Pittston Services Group, Inc., Brink's Holding Company, BAX Holding Company, Pittston Coal Company, BAX Global Inc. and Pittston Minerals Group Inc. (in such capacity sometimes individually called a "Subsidiary Guarantor" and collectively the "Subsidiary Guarantors", which term shall include after the date of the Closing all additional Restricted Subsidiaries that from time to time execute and deliver Subsidiary Guarantees pursuant to Section 9.6) and each such Subsidiary Guarantee shall be in full force and effect.

4.6. Purchase Permitted by Applicable Law, etc.

On the date of the Closing your purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including without limitation Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.7. Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Company shall have paid on or before the Closing the fees, charges and disbursements of your special counsel referred to in Section 4.4 to the extent reflected in a statement of such counsel rendered to the Company at least one Business Day prior to the Closing.

4.8. Private Placement Numbers.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes of each series.

4.9. Changes in Corporate Structure.

The Company shall not have changed its jurisdiction of incorporation or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity at any time following the date of the most recent financial statements referred to in Section 5.5.

4.10. Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

4.11. Sale of Notes to Other Purchasers.

The Company shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to you that:

5.1. Organization; Power and Authority.

The Company is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Other Agreements and the Notes and to perform the provisions hereof and thereof.

5.2. Authorization, etc.

This Agreement and the Other Agreements and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. Disclosure.

The Company, through its agent, Credit Suisse First Boston Corporation, has delivered to you a copy of a Confidential Direct Placement Memorandum, dated November 2000 (the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries, except that the description of the coal business which the Company intends to dispose of is limited. This Agreement, the Memorandum (including the Appendices thereto), the documents, certificates or other writings delivered to you by or on behalf of the Company in connection with the transactions contemplated hereby and described in Schedule 5.3 (together with the Memorandum, the "Disclosure Documents"), and the financial statements included in the Appendices to the Memorandum, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Since December 31, 1999, there has been no change in the financial condition, operations, business, properties or prospects of the Company or any Subsidiary except as disclosed in the Disclosure Documents or in the financial statements included in the Appendices to the Memorandum and other changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other Disclosure Documents.

5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists (i) of the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary and (ii) of the Company's directors and senior officers. Schedule 5.4 also identifies each Restricted Subsidiary and each Unrestricted Subsidiary as of the date of this Agreement. No Subsidiary listed in Schedule 5.4 is a guarantor under the Bank Credit Agreement other than the Subsidiary Guarantors listed in Section 4.5.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly incorporated, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact and, in the case of Subsidiary Guarantors, to execute and deliver and perform its obligations under their respective Subsidiary Guarantees.

(d) No Restricted Subsidiary is a party to, or otherwise subject to any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5. Financial Statements.

The Company's financial statements included in the Appendices to the Memorandum (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

5.6. Compliance with Laws, Other Instruments, etc.

The execution, delivery and performance by the Company of this Agreement and the Notes and by the Subsidiary Guarantors of their respective Subsidiary Guarantees will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company or any Subsidiary.

5.7. Governmental Authorizations, etc.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required for the validity of the execution, delivery or performance by the Company of this Agreement or the Notes or by the Subsidiary Guarantors of their respective Subsidiary Guarantees.

5.8. Litigation; Observance of Agreements, Statutes and Orders.

(a) Except as disclosed in Schedule 5.8, there are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary or any property of the Company or any Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither the Company nor any Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.9. Taxes.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate. The Federal income tax liabilities of the Company and its Subsidiaries have been determined by the Internal Revenue Service and paid for all fiscal years up to and including the fiscal year ended December 31, 1993.

5.10. Title to Property; Leases.

The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

5.11. Licenses, Permits, etc.

Except as disclosed in Schedule 5.11,

(a) the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others;

(b) to the knowledge of the Company, no product of the Company infringes in any material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person; and

(c) to the knowledge of the Company, there is no Material violation by any Person of any right of the Company or any of its Subsidiaries with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company or any of its Subsidiaries.

5.12. Compliance with ERISA.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "benefit liabilities" has the meaning specified in section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities that have not been discharged (and are not currently subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) Except as disclosed in the Disclosure Documents, the expected post retirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) With respect to each employee benefit plan, if any, disclosed by you in writing to the Company in accordance with Section 6.2(c), neither the Company nor any "affiliate" of the Company (as defined in Section V(c) of the QPAM Exemption) has at this time, nor has exercised at any time during the immediately preceding year, the authority to appoint or terminate the "QPAM" (as defined in Part V of the QPAM Exemption) disclosed by you to the Company pursuant to Section 6.2(c) as manager of any of the assets of any such plan or to negotiate the terms of any management agreement with such QPAM on behalf of any such plan, and the Company is not an "affiliate" (as so defined) of such QPAM. The Company has advised you if it is a party in interest with respect to any employee benefit plan originally disclosed by you in accordance with Section 6.2(b) or 6.2(e). The execution and delivery of this Agreement and the issuance and sale of the Notes at the Closing hereunder will not involve any prohibited transaction (as such term is defined in section 406(a) of ERISA and section 4975(c)(1)(A)-(D) of the Code), that could subject the Company or any holder of a Note to any tax or penalty on prohibited transactions imposed under said section 4975 of the Code or by section 502(i) of ERISA. The representation by the Company in the preceding sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of your representation in Section 6.2 as to the source of the funds used to pay the purchase price of the Notes to be purchased by you (including without limitation after giving effect to your necessary change in the source in respect of a party in interest identified by the Company as aforesaid).

5.13. Private Offering by the Company.

Neither the Company nor anyone acting on its behalf has offered the Notes, the Subsidiary Guarantees or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than you, the Other Purchasers and not more than 35 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the

Notes or the issuance of the Subsidiary Guarantees to the registration requirements of Section 5 of the Securities Act.

5.14. Use of Proceeds; Margin Regulations.

The Company will apply the net proceeds of the sale of the Notes to repay Indebtedness and for general corporate purposes. No part of the proceeds from the sale of the Notes hereunder will be used, and no part of the proceeds of such Indebtedness being repaid was used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 5% of the value of the consolidated assets of the Company and its Subsidiaries and the Company does not have any present intention that margin stock will constitute more than 25% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

5.15. Existing Indebtedness.

Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Restricted Subsidiaries in an unpaid principal amount exceeding $25,000,000 as of December 31, 2000, since which date there has been no Material change in the amounts, interest rates, sinking funds, instalment payments or maturities of the Indebtedness of the Company or its Restricted Subsidiaries. Neither the Company nor any Restricted Subsidiary is in default, and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Restricted Subsidiary, and no event or condition exists with respect to any Indebtedness of the Company or any Restricted Subsidiary that would permit (or that with the giving of notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

Except as disclosed in Schedule 5.15, neither the Company nor any Restricted Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien that would not be permitted by Section 10.1 without equally and ratably securing the Notes.

5.16. Foreign Assets Control Regulations, etc.

Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

5.17. Status Under Certain Statutes.

Neither the Company nor any Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the Interstate Commerce Act, as amended, or the Federal Power Act, as amended.

5.18. Environmental Matters.

Neither the Company nor any Subsidiary has knowledge of any claim or has received any written notice of any claim against the Company or any of its Subsidiaries that is outstanding or unresolved, and no proceeding has been instituted and is pending raising any claim against the Company or any of its Subsidiaries or any of their respective real properties now owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing,

(a) neither the Company nor any Subsidiary has knowledge of any facts which would be reasonably likely to result in any claim, public or private, against the Company or any Subsidiary under any Environmental Laws, except, in each case, for such claims that could not reasonably be expected to result in a Material Adverse Effect;

(b) neither the Company nor any of its Subsidiaries has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them or disposed of any Hazardous Materials, in any case in a manner contrary to any Environmental Laws that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by the Company or any of its Subsidiaries are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

6. REPRESENTATIONS OF THE PURCHASER.

6.1. Purchase of Notes.

You represent that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds for which you are the financial advisor or investment manager and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Company is not required to register the Notes.

6.2. Source of Funds.

You represent that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an "insurance company general account", as such term is defined in Prohibited Transaction Exemption ("PTE") 95-60 (issued July 12, 1995), and there is no plan with respect to which the aggregate amount of such general account's reserves and liabilities for the contracts held by or on behalf of such plan and all other plans maintained by the same employer (and affiliates thereof as defined in section V(a)(1) of PTE 95-60) or by the same employee organization (in each case determined in accordance with PTE 95-60) exceeds or will exceed 10% of the total of all reserves and liabilities of such general account (determined in accordance with PTE 95-60, exclusive of separate account liabilities, plus any applicable surplus) as of the date of the Closing; or

(b) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 (issued July 12, 1991) and, except for any employee benefit plan or a group of plans disclosed to the Company in writing pursuant to this paragraph (b) (in response to which the Company has not advised you that it is a party in interest with respect to any such plan or group of plans), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(c) the Source constitutes assets of an "investment fund" (within the meaning of Part V of the QPAM Exemption) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "control" in section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such QPAM and (ii) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this paragraph (c); or

(d) the Source is a governmental plan; or

(e) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (e) and the Company has not advised you that it is a party in interest with respect to any such plan; or

(f) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1. Financial and Business Information.

The Company shall deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements -- within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of

(i) a consolidated balance sheet of the Company and its Subsidiaries or its Restricted Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income and cash flows of the Company and its Subsidiaries or its Restricted Subsidiaries, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements -- within 120 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries or its Restricted Subsidiaries as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries or its Restricted Subsidiaries for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by

(A) an opinion thereon of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances,

(B) a certificate of such accountants stating that they have reviewed this Agreement and stating further whether, in making their audit, they have become aware of any condition or event that then constitutes a Default or an Event of Default, and, if they are aware that any such condition or event then exists, specifying the nature and period of the existence thereof (it being understood that such accountants shall not be liable, directly or indirectly, for any failure to obtain knowledge of any Default or Event of Default unless such accountants should have obtained knowledge thereof in making an audit in accordance with generally accepted auditing standards or did not make such an audit), and

(C) in case such audited financial statements include the accounts of Unrestricted Subsidiaries and all Unrestricted Subsidiaries, if taken as a single Subsidiary, produced more than 10% of Consolidated Net Income for such fiscal year or the assets of all Unrestricted Subsidiaries exceeded 10% of the consolidated assets of the Company and its Subsidiaries as of the last day of such fiscal year, a certificate of a Senior Financial Officer containing calculations in reasonable detail deleting the accounts of all Unrestricted Subsidiaries from such financial statements,

provided that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission, together with the accountants' certificate described in clause (B) above and (if required) the certificate of a Senior Financial Officer described in clause (C) above, shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, written report, material notice or proxy statement sent by the Company or any Restricted Subsidiary generally to its public securities holders or its lending banks, (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Restricted Subsidiary with the Securities and Exchange Commission and (iii) all press releases and other statements made available generally by the Company to the public concerning developments that are Material;

(d) Notice of Default or Event of Default -- promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof;

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, would have a Material Adverse Effect;

(f) Notices from Governmental Authority -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any United States Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries or relating to the ability of the Company to perform its obligations hereunder and under the Notes or relating to the ability of a Subsidiary Guarantor to perform its obligations under its respective

Subsidiary Guarantee, in each case as from time to time may be reasonably requested in writing by any such holder of Notes (subject to the limitations of the final paragraph of Section 7.3).

7.2. Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or Section 7.1(b) shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance -- the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Sections 10.1 through 10.8 inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Default -- a statement that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including without limitation any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

In case any of the calculations provided pursuant to clause (a) above are made without giving effect to a change in GAAP, by reason of an objection by the Company or the Required Holders pursuant to Section 22.6 to calculations taking into account such change in GAAP, such certificate of a Senior Financial Officer shall be accompanied by a certificate or letter from the Company's independent public accountants to the effect that they have reviewed and verified such calculations.

7.3. Inspection.

The Company shall permit the representatives of each holder of Notes that is an Institutional Investor (subject to compliance with Section 20):

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Notwithstanding the foregoing, the Company shall not be required to disclose to any holder of Notes any information (other than financial information and other data related to the financial performance of the Company and its Subsidiaries, including without limitation copies of written reports that the Company provides to its lending banks) to the extent that the Company is advised in writing by internal or external legal counsel that the Company is prohibited from disclosing such information at such time to its creditors generally under any applicable law, rule, regulation or order (or other binding restriction imposed by any Governmental Authority) or as a result of any agreement entered into in good faith with third parties that are not lenders to the Company or a Subsidiary.

8. PREPAYMENT OF THE NOTES.

In addition to the payment of the entire unpaid principal amount of the Notes of each series at the final maturity thereof, the Company will make required prepayments on account of the Series A Notes and may make optional prepayments in respect of the Notes as hereinafter provided.

8.1. Required Prepayments of Series A Notes.

On January 18, 2005 and January 18, 2006 the Company will prepay $18,333,000 aggregate principal amount (or such lesser principal amount as shall then be outstanding) of the Series A Notes, such prepayment to be made at the principal amount to be prepaid, together with accrued interest thereon to the date of such prepayment, without payment of any Make-Whole Amount or other premium, allocated as provided in Section 8.4.

No partial prepayment of the Series A Notes pursuant to Section 8.2 shall relieve the Company of its obligation to make prepayments of the Notes required by this Section 8.1 (with the effect that such optional prepayments shall be applied to such required prepayments and to the payment at the final maturity of the Series A Notes in inverse order), provided that upon any purchase of less than all of the outstanding Series A Notes pursuant to Section 8.6 the principal amount of each required prepayment of the Series A Notes becoming due under this Section 8.1 on and after the date of such purchase shall be reduced in the same proportion as the aggregate unpaid principal amount of the Series A Notes is reduced as a result of such purchase.

8.2. Optional Prepayments with Make-Whole Amount.

The Company may, at its option and upon notice as provided in Section 8.3, prepay at any time all, or from time to time any part of, the Notes (in a minimum amount of $5,000,000 and otherwise in multiples of $100,000) at the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, plus the Make-Whole Amount for the Notes of each series determined for the prepayment date with respect to such principal amount.

8.3. Notice of Prepayment.

The Company will give each holder of Notes written notice of each optional prepayment under Section 8.2 not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify the date fixed for such prepayment (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of Notes held by such holder to be prepaid (determined in accordance with Section 8.4) and the interest to be paid on the prepayment date with respect to such principal amount being prepaid.

Each such notice of prepayment shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount for the Notes of each series due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amounts as of the specified prepayment date.

8.4. Allocation of Partial Prepayments.

In the case of each partial prepayment of the Series A Notes pursuant to Section 8.1 or all Notes pursuant to Section 8.2, the principal amount of the Series A Notes or all Notes, as the case may be, to be prepaid shall be allocated among all of the Series A Notes or all of the Notes, as the case may be, at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof.

8.5. Maturity; Surrender, etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.6. Purchase of Notes.

The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions (except for differences to reflect the terms of the Notes of each series). Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer and shall remain open for at least 30 days. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any such offer and no Notes may be issued in substitution or exchange for any such Notes.

Promptly and in any event within ten Business Days after each such purchase of Notes, the Company will furnish each holder of the Notes with a certificate of a Senior Financial Officer describing such purchase (including the aggregate principal amount of Notes of each series so purchased and the purchase price therefor) and certifying that such purchase was made in compliance with the requirements of this Section.

8.7. Make-Whole Amount.

The term "Make-Whole Amount" means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"Called Principal" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"Discounted Value" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Reinvestment Yield" means, with respect to the Called Principal of any Note, .50% (50 basis points) over the yield to maturity implied by (i) the yields reported, as of 10:00 A.M. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on (x) the Bloomberg Financial Markets News screen PX1 or the equivalent screen provided by Bloomberg Financial Markets News, or (y) if such on-line market data is not at the time provided by Bloomberg Financial Markets News, on the display designated as "Page 500" on the Dow Jones Markets service (or such other display as may replace Page 500 on the Dow Jones Markets service), in any case for actively traded non-callable U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the actively traded U.S. Treasury security with a maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with a maturity closest to and less than the Remaining Average Life.

"Remaining Average Life" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or 12.1.

"Settlement Date" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

9. AFFIRMATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

9.1. Compliance with Law.

The Company will and will cause each of its Restricted Subsidiaries to comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including without limitation Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2. Insurance.

The Company will and will cause each of its Restricted Subsidiaries to maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance if adequate reserves are maintained with respect thereto to the extent required by GAAP) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3. Maintenance of Properties.

The Company will and will cause each of its Restricted Subsidiaries to maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be conducted properly at all times, provided that this Section shall not prevent the Company or any Restricted Subsidiary from selling all or any substantial part of the assets of any member of the Pittston Minerals Group or from discontinuing the operation and the maintenance of any of its other properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4. Payment of Taxes and Claims.

The Company will and will cause each of its Restricted Subsidiaries to file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Restricted Subsidiary, provided that neither the Company nor any Restricted Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by the Company or such Restricted Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or a Restricted Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Restricted Subsidiary or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

9.5. Corporate Existence, etc.

Subject to Section 10.6, the Company will at all times preserve and keep in full force and effect its corporate existence. Subject to Sections 10.4 and 10.6, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Restricted Subsidiaries (unless merged into the Company or a Restricted Subsidiary) and all rights and franchises of the Company and its Restricted Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

9.6. Additional Subsidiary Guarantees; Release of Subsidiary Guarantees.

(a) So long as the Bank Credit Agreement remains in effect the Company will cause each Restricted Subsidiary that becomes a borrower or a guarantor thereunder or in respect thereof after the date of the Closing (if such Restricted Subsidiary is not at the time a Subsidiary Guarantor) to become a Subsidiary Guarantor by executing and delivering a Subsidiary Guarantee, prior to or concurrently with so becoming a borrower or a guarantor; and promptly and in any event within ten Business Days thereafter the Company will furnish each holder of the Notes with a counterpart of such executed Subsidiary Guarantee, together with an opinion of Cravath, Swaine & Moore or other counsel reasonably satisfactory to the Required Holders (which opinion may be subject to customary exceptions, qualifications and limitations under the circumstances none of which shall affect the parity of obligations of such Subsidiary Guarantor under its Subsidiary Guarantee and the obligations of such Subsidiary Guarantor as a borrower or guarantor under the Bank Credit Agreement) to the effect that such Subsidiary Guarantee has been duly authorized, executed and delivered by such Restricted Subsidiary and is valid, binding and enforceable in accordance with its terms.

(b) Except as provided in Subsection (c) below, the Company will cause each Subsidiary Guarantee to remain in full force and effect at all times after the execution and delivery thereof, provided that you and each other holder of a Note, by acceptance of such Note, agree that any Subsidiary Guarantor shall automatically be discharged from all of its obligations and liabilities under its Subsidiary Guarantee, effective at the time such Subsidiary Guarantor ceases to be a Subsidiary of the Company after giving effect to a consolidation, merger, sale or other disposition (other than in a transaction resulting in an assumption by the successor pursuant to Section 10.6(a)(ii)), and except that this proviso shall not apply (i) if a Default or Event of Default has occurred and is continuing, (ii) to a Subsidiary Guarantor if any amount is then due and payable under its Subsidiary Guarantee, (iii) to a Subsidiary Guarantor which at the time is a guarantor of any other Indebtedness of the Company or another Restricted Subsidiary (other than a Restricted Subsidiary that ceases to be a Subsidiary of the Company after giving effect to such transaction) that is not also concurrently being released or (iv) unless within three Business Days after such discharge, the Company shall have furnished each holder of the Notes with a certificate of a Senior Financial Officer describing such transaction and certifying that such discharge was effected in compliance with the terms of this Subsection (b).

(c) Notwithstanding the requirements of the foregoing Subsection (b), Pittston Minerals Group Inc. and any Subsidiary of Pittston Minerals Group Inc. that is a Subsidiary

Guarantor shall automatically be discharged from their respective Subsidiary Guarantees, without further action on the part of the holders of any of the Notes, upon the sale by the Company of the capital stock of any member of the Pittston Minerals Group to a Person which is not an Affiliate of the Company or the sale of all or any substantial part of the assets of any member of the Pittston Minerals Group to any person.

10. NEGATIVE COVENANTS.

The Company covenants that so long as any of the Notes are outstanding:

10.1. Liens.

The Company will not and will not permit any Restricted Subsidiary to create, assume, incur or suffer to exist any Lien upon or with respect to any property or assets, whether now owned or hereafter acquired, securing any Indebtedness without making effective provision (pursuant to documentation in form and substance reasonably satisfactory to the Required Holders) whereby the Notes shall be secured by such Lien equally and ratably with or prior to any and all Indebtedness and other obligations to be secured thereby, provided that nothing in this Section 10.1 shall prohibit:

(a) Liens in respect of property of the Company or a Restricted Subsidiary existing on the date of the Closing and described in Schedule 5.15;

(b) Liens in respect of property acquired or constructed or improved by the Company or a Restricted Subsidiary after the date of the Closing, which are created at the time of or within one year after acquisition or completion of construction or improvement of such property to secure Indebtedness assumed or incurred to finance all or any part of the purchase price or cost of construction or improvement of such property, provided that in any such case

(i) no such Lien shall extend to or cover any other property of the Company or such Restricted Subsidiary, as the case may be, and

(ii) the aggregate principal amount of Indebtedness secured by all such Liens in respect of any such property shall not exceed the cost of such property and any improvements then being financed;

(c) Liens in respect of property acquired by the Company or a Restricted Subsidiary after the date of the Closing, existing on such property at the time of acquisition thereof (and not created in anticipation thereof), or in the case of any Person that after the date of the Closing becomes a Subsidiary or is consolidated with or merged with or into the Company or a Restricted Subsidiary or sells, leases or otherwise disposes of all or substantially all of its property to the Company or a Restricted Subsidiary, Liens existing at the time such Person becomes a Subsidiary or is so consolidated or merged or effects such sale, lease or other disposition of property (and not created in anticipation thereof), provided that in any such case no such Lien shall extend to or cover any other property of the Company or such Restricted Subsidiary, as the case may be;

(d) Liens securing Indebtedness owed by a Restricted Subsidiary to the Company or to a Wholly-Owned Restricted Subsidiary;

(e) extensions, renewals or replacements of Liens permitted by clause (a), (b), (c) or (d) above (including successive extensions, renewals and replacements), provided that the principal amount of Indebtedness (or the maximum commitment therefor) secured by any such Lien is not increased and such Lien does not extend to or cover any property other than the property covered by such Lien on the date of such extension, renewal or replacement; and

(f) Liens which would otherwise not be permitted by clauses (a) through (e) above, securing additional Indebtedness of the Company or a Restricted Subsidiary, provided that after giving effect thereto (and to the substantially concurrent application of the proceeds of such Indebtedness) Priority Debt does not exceed 35% of Consolidated Capitalization.

As used in this Agreement the term "Priority Debt" means, at any date, the sum (without duplication) of (A) the aggregate unpaid principal amount of Indebtedness (including Capitalized Lease Obligations) of the Company and its Restricted Subsidiaries secured by Liens permitted by Section 10.1(f) plus (B) the aggregate unpaid principal amount of Indebtedness of all Restricted Subsidiaries (other than Indebtedness permitted by clauses (a) to (d), inclusive, of Section 10.2) plus (C) the aggregate Attributable Debt in connection with all sale and leaseback transactions of the Company and its Restricted Subsidiaries entered into after the date of the Closing in accordance with the provisions of Section 10.3(a).

For purposes of this Section 10.1: any Lien existing in respect of property of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary pursuant to Section 10.9 shall be deemed to have been created at that time; and the sale or transfer of (x) coal, oil, gas or other minerals in place for a period of time until, or in an amount such that, the transferee will realize therefrom a specified amount of money (however determined) or a specified amount of such coal or other minerals or (y) any other interest in property of the character commonly referred to as a "production payment" shall not be deemed to constitute Indebtedness secured by a Lien.

10.2. Restricted Subsidiary Indebtedness.

The Company will not permit any Restricted Subsidiary to create, assume, incur, guarantee or otherwise become liable in respect of any Indebtedness except

(a) Indebtedness secured by Liens permitted by clause (b), (c), (d) or (e) of Section 10.1,

(b) in the case of any Person that after the date of the Closing becomes a Restricted Subsidiary or is consolidated with or merged with or into a Restricted Subsidiary or sells, leases or otherwise disposes of all of its property to a Restricted Subsidiary, Indebtedness outstanding at the time such Person becomes a Restricted Subsidiary or is so consolidated or merged or effects such sale, lease or other disposition of property (and not created in anticipation thereof, including extensions, renewals or replacements of such Indebtedness, provided that the principal amount of such Indebtedness is not increased,

(c) Indebtedness of any Subsidiary Guarantor,

(d) Indebtedness owing to the Company or a Wholly-Owned Restricted Subsidiary, and

(e) other Indebtedness, provided that immediately after giving effect to such other Indebtedness Priority Debt does not exceed 35% of Consolidated Capitalization.

For purposes of this Section 10.2: a Restricted Subsidiary shall be deemed to have incurred Indebtedness in respect of any obligation previously owed to the Company or to a Wholly-Owned Restricted Subsidiary on the date the obligee ceases for any reason to be the Company or a Wholly-Owned Restricted Subsidiary; a Person that hereafter becomes a Restricted Subsidiary shall be deemed at that time to have incurred all of its outstanding Indebtedness; and any Unrestricted Subsidiary or other Person that hereafter becomes a Restricted Subsidiary shall be deemed at that time to have incurred all of its outstanding Indebtedness.

10.3. Limitation on Sale and Leaseback Transactions.

The Company will not and will not permit any Restricted Subsidiary to sell, lease, transfer or otherwise dispose of (collectively, a "transfer") any asset on terms whereby the asset or a substantially similar asset is or may be leased or reacquired by the Company or any Restricted Subsidiary over a period in excess of three years, unless either

(a) after giving effect to such transaction and the incurrence of Attributable Debt in respect thereof Priority Debt does not exceed 35% of Consolidated Capitalization, or

(b) the net proceeds realized from the transfer are applied within 365 days after the receipt thereof to reinvest in property or assets for use in the business of the Company and its Restricted Subsidiaries or to repay unsubordinated funded Indebtedness of the Company or a Restricted Subsidiary (which may, but need not, include prepayment of the Notes pursuant to Section 8.2 or an offer to purchase Notes in accordance with Section 8.7).

10.4. Limitation on Asset Sales.

The Company will not and will not permit any Restricted Subsidiary to, directly or indirectly, make any sale, transfer, lease (as lessor), loan or other disposition of any property or assets (an "Asset Sale") other than:

(a) Asset Sales in the ordinary course of business;

(b) Asset Sales of property or assets by a Restricted Subsidiary to the Company or a Wholly-Owned Restricted Subsidiary;

(c) any Asset Sale involving assets or the capital stock of any member of the Pittston Minerals Group;

(d) any Asset Sale involving aircraft, aircraft replacement parts and facilities and equipment by BAX Global Inc. and/or its Subsidiaries up to $75,000,000 on a cumulative basis for all periods after September 30, 2000;

(e) any Asset Sale to the extent made in exchange for other property or assets for use in the business of the Company and its Restricted Subsidiaries; and

(f) other Asset Sales, provided that in each case

(i) immediately before and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing, and

(ii) the aggregate net book value of property or assets disposed of in such Asset Sale and all other Asset Sales under this clause (f) by the Company and its Restricted Subsidiaries does not exceed (x) 15% of Consolidated Total Assets during the immediately preceding twelve months or (y) 30% of Consolidated Total Assets since the date of the Closing (Consolidated Total Assets in each case determined as of the last day of the quarterly accounting period ending on or most recently prior to the date of such Asset Sale)

and provided further that for purposes of subclause (ii) above there shall be included the net book value of property or assets disposed of in an Asset Sale only to the extent that an amount equal to the net proceeds realized upon such Asset Sale has not been applied by the Company or such Restricted Subsidiary, as the case may be, within 365 days after the effective date of such Asset Sale to (1) the reinvestment in property or assets for use in the business of the Company and its Restricted Subsidiaries, (2) the repayment of unsubordinated funded Indebtedness or (3) payment into The Pittston Company Employee Welfare Benefit Trust or any successor of such trust.

10.5. Financial Conditions.

(a) The Company will not permit Consolidated EBITDA for any period of four consecutive fiscal quarters (commencing with the four fiscal quarters ending March 31, 2001) to be less than 300% of Consolidated Interest Expense for such period.

(b) The Company will not at any time permit Consolidated Net Worth to be less than the sum of (a) $554,000,000 plus (b) 25% of Consolidated Net Income (if positive) for the fiscal quarter ending December 31, 2000 plus (c) 25% of Consolidated Net Income for each fiscal year thereafter for which Consolidated Net Income is positive.

(c) The Company will not permit the Ratio of Consolidated Indebtedness to Consolidated Capitalization as of the last day of any fiscal quarter (beginning on March 31, 2001) to exceed 0.60 to 1.00.

As used in this Section 10.5(c): the term "Ratio of Consolidated Indebtedness to Consolidated Capitalization" means, as of any date, the ratio of (a) the sum of (i) Consolidated Indebtedness plus (ii) the amount, if any, by which Discounted Consolidated Lease Rentals exceeds $350,000,000 to (b) the sum of (i) the amount determined pursuant to the preceding clause (a) plus (ii) Consolidated Net Worth; the term "Discounted Consolidated Lease Rentals" means, as of the December 31 next preceding such date of determination (or as of such date if such date is December 31), (a) the aggregate amount of Lease Rentals payable by the Company and its Restricted Subsidiaries as lessee during the remaining term of all noncancellable leases (other than Capital Leases) of real or personal property (discounted on the same periodic basis from the respective due dates thereof at an interest rate of 10% per annum) minus (b) the aggregate minimum sublease rentals payable to the Company and its Restricted Subsidiaries during the remaining term of all noncancellable subleases of real or personal property (discounted as aforesaid), all determined on a consolidated basis consistent with Note 13 to the audited financial statements of the Company at and for the year ending December 31, 1999 (included as a Disclosure Document); and the term "Lease Rentals" means, with respect to any particular lease or sublease, the total amount of rent and other obligations (whether or not designated as rent) payable by the lessee or sublessee during the remaining term of such lease or sublease (excluding any extension or renewal thereof at the option of either party to such lease or sublease unless such option has been exercised), after excluding amounts required to be paid by the lessee or sublessee (whether or not designated as rental or additional rental) on account of maintenance and repairs, insurance, taxes, assessments, utilities (including water rates), operating and labor costs and similar charges.

10.6. Merger, Consolidation, etc.

The Company will not and will not permit any Restricted Subsidiary to consolidate with or merge with any other corporation or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person (other than Asset Sales permitted by Section 10.4(c) and any consolidation or merger of any member of the Pittston Minerals Group with, or conveyance, transfer or lease by any member of the Pittston Minerals Group to, a Person which is not an Affiliate of the Company), except as follows:

(a) a Restricted Subsidiary may consolidate with or merge with any other corporation or convey or transfer all or substantially all of its assets to

(i) the Company (provided that the Company shall be the continuing or surviving corporation) or a then existing Restricted Subsidiary, or

(ii) any other Person, provided that

(A) if such Restricted Subsidiary is a Subsidiary Guarantor and the continuing, surviving or acquiring corporation is another Subsidiary, such continuing, surviving or acquiring corporation shall have (1) executed and delivered to each holder of a Note its assumption of the due and punctual performance and observance of all obligations of such Restricted Subsidiary under its Subsidiary Guarantee and (2) caused to be delivered to each holder of a Note an opinion of counsel reasonably satisfactory to the Required Holders to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof, and

(B) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(b) the Company may consolidate with or merge with any other corporation or convey or transfer all or substantially all of its assets to a corporation organized and existing under the laws of the United States or any State thereof, provided that

(i) the continuing, surviving or acquiring corporation (if not the Company) shall have (A) executed and delivered to each holder of a Note its assumption of the due and punctual performance and observance of all obligations of the Company under this Agreement, the Other Agreements and the Notes and (B) caused to be delivered to each holder of a Note an opinion of counsel reasonably satisfactory to the Required Holders to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof, and

(ii) immediately after giving effect to such transaction, (A) no Default or Event of Default shall have occurred and be continuing and (B) the Company would be in compliance with paragraphs (a) and (c) of Section 10.5 on a pro forma basis as if such transaction had occurred on the last day of the most recently ended fiscal quarter.

No such conveyance, transfer or lease of all or substantially all of the assets of the Company shall have the effect of releasing the Company or any successor corporation that shall theretofore have become such in the manner prescribed in this Section 10.6 from its liability under this Agreement or the Notes.

10.7. Lines of Business.

The Company will not and will not permit any Restricted Subsidiary to engage in any business other than (a) the businesses in which the Company and its Restricted Subsidiaries are engaged on the date of the Closing (as described in the Memorandum) and businesses reasonably related or complementary thereto or in furtherance thereof and (b) lines of business that are insignificant when viewed in the overall context of the business then engaged in by the Company and its Restricted Subsidiaries taken as a whole.

10.8. Transactions with Affiliates.

The Company will not and will not permit any Restricted Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Restricted Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Restricted Subsidiary's business and upon fair and reasonable terms no less favorable to the

Company or such Restricted Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate. For purposes of this Section 10.8 a Material transaction or Material group of related transactions shall be measured in relation to the Company and the Subsidiary Guarantors at the time, taken as a whole.

10.9. Designation of Restricted and Unrestricted Subsidiaries.

(a) Subject to paragraph (b) below, the Company will not designate any Restricted Subsidiary as an Unrestricted Subsidiary if such Restricted Subsidiary was (i) more than twice previously (directly or indirectly) an Unrestricted Subsidiary in the case of any Restricted Subsidiary listed as an Unrestricted Subsidiary in Schedule 5.4 or any Restricted Subsidiary that is designated as an Unrestricted Subsidiary at the time such Restricted Subsidiary first became a Subsidiary or (ii) more than once previously (directly or indirectly) an Unrestricted Subsidiary in the case of any other Restricted Subsidiary.

(b) The Company will not designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary or other Person as a Restricted Subsidiary unless immediately after giving pro forma effect to such designation, (i) no Default or Event of Default shall have occurred and be continuing and (ii) the Company would be in compliance with paragraphs (a) and (c) of Section 10.5 on a pro forma basis as if such designation had occurred on the last day of the most recently ended fiscal quarter.

(c) Forthwith and in any event within ten Business Days after a designation pursuant to this Section 10.9, the Company will furnish each holder of the Notes with a certificate of a Senior Financial Officer specifying the effective date of such designation and setting forth calculations in reasonable detail demonstrating compliance with the conditions to such designation set forth in the immediately preceding paragraph

11. EVENTS OF DEFAULT.

An "Event of Default" shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in Section 7.1(d) or Sections 10.1 to 10.6, inclusive, and in the case of Section 10.5(b) such default is not remedied within 30 days after a Responsible Officer obtains knowledge thereof (so long as the Company is proceeding diligently and in good faith to cure such default); or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this

Section 11) and such default is not remedied within 30 days after a Responsible Officer obtains knowledge of such default; or

(e) any representation or warranty made in writing by or on behalf of the Company or any Subsidiary or by any officer of the Company or any Subsidiary in this Agreement or a Subsidiary Guarantee or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Restricted Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness (other than the Notes) that is outstanding in an aggregate principal amount of at least $25,000,000 (or its equivalent in any other currency) beyond any period of grace provided with respect thereto, or (ii) the Company or any Restricted Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness outstanding in an aggregate principal amount of at least $25,000,000 (or its equivalent in any other currency) or of any mortgage, indenture or other agreement relating thereto or any other default exists, and as a consequence of any such default such Indebtedness has become, or has been declared, due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) in any case as a consequence of the occurrence or continuation of a change of control or rating downgrade or any other similar adverse event the Company or any Restricted Subsidiary has become obligated to purchase or repay Indebtedness outstanding in an aggregate principal amount of at least $25,000,000 (or its equivalent in any other currency) before its regular maturity or before its regularly scheduled dates of payment; or

(g) the Company or any Restricted Subsidiary (i) admits in writing its inability to pay, or is generally not paying, its debts as they become due (within the meaning of the Federal Bankruptcy Code), (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by the Company or any Restricted Subsidiary, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or such Restricted Subsidiary, or any such petition shall be filed against the Company or such Restricted Subsidiary and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating in excess of $25,000,000 (or its equivalent in any other currency) are rendered against one or more of the Company and its Restricted Subsidiaries which judgments are not, within 60 days after entry thereof, bonded, paid, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if any Subsidiary Guarantor (or any Person at its authorized direction or on its behalf) shall assert in writing that the Subsidiary Guarantee of such Subsidiary Guarantor is unenforceable in any material respect or any Subsidiary Guarantee shall cease to be in full force and effect as an enforceable instrument except as permitted by Section 9.6; or

(k) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $5,000,000, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan (other than in connection with the disposition of all or any part of the assets of the Pittston Minerals Group), or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, would have a Material Adverse Effect.

As used in Section 11(k), the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1. Acceleration.

(a) If an Event of Default with respect to the Company described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, the Required Holders may at any time at its or their option, by notice or notices to the Company, declare all the Notes at the time outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Note becoming due and payable under this Section 12.1, whether automatically or by declaration, such Note will forthwith mature and the entire unpaid principal amount of such Note, plus (x) all accrued and unpaid interest thereon and (y) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided) and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2. Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3. Rescission.

At any time after any Notes have been declared due and payable pursuant to paragraph (b) or (c) of Section 12.1, the Required Holders, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than the non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4. No Waivers or Election of Remedies, Expenses, etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under Section 15, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including without limitation reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1. Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2. Transfer and Exchange of Notes.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), within five Business Days thereafter the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes of the same series (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than $100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representations set forth in Sections 6.1 (so long as applicable) and 6.2.

13.3. Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or any other Institutional Investor, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within five Business Days thereafter the Company at its own expense shall execute and deliver, in lieu thereof, a new Note of the same series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1. Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made at the principal office of The Chase Manhattan Bank in New York City. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in New York City or the principal office of a bank or trust company in New York City.

14.2. Home Office Payment.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Company will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

15. EXPENSES, ETC.

15.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of your special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including without limitation: (a) the costs and expenses incurred in enforcing or defending (or reasonably determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. The Company will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

In furtherance of the foregoing, on the date of the Closing the Company will pay or cause to be paid the fees and disbursements and other charges (including estimated unposted disbursements and other charges as of the date of the Closing) of your special counsel which are reflected in the statement of such special counsel submitted to the Company on or prior to the date of the Closing. The Company will also pay, promptly upon receipt of supplemental statements therefor, reasonable additional fees, if any, and disbursements and charges of such special counsel in connection with the transactions hereby contemplated (including disbursements and other charges unposted as of the date of the Closing to the extent such disbursements and other charges exceed estimated amounts paid as aforesaid).

15.2. Survival.

The obligations of the Company under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1. Requirements.

This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Company and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or change the rate or the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to such holder's consideration of or entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

17.3. Binding Effect, etc.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4. Notes held by Company, etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(a) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(b) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(c) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of the Treasurer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, "Confidential Information" means information (including without limitation the Memorandum) delivered to you by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by the Company or any Subsidiary or by a source that you know is required to maintain the confidentiality of such information or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, officers, trustees, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes and by virtue of their position they are required to comply with this Section 20), (ii) your financial advisors and other professional advisors whose duties require them to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this Section 20.

21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

22. MISCELLANEOUS.

22.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including without limitation any subsequent holder of a Note) whether so expressed or not.

22.2. Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

22.3. Consent to Jurisdiction; Service of Process; Waiver of Jury Trial.

(a) The Company irrevocably submits to the non-exclusive in personam jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent it may effectively do so under applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the in personam jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served in any suit, action or proceeding of the nature referred to in paragraph (a) of this Section 22.3 by mailing a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the address of such party specified in Section 18 or at such other address of which you shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the full extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such party. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 22.3 shall affect the right of any holder of Notes to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) EACH OF THE PARTIES HERETO WAIVES TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION HEREWITH OR THEREWITH.

22.4. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.3 that notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

22.5. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the fullest extent permitted by applicable law) not invalidate or render unenforceable such provision in any other jurisdiction.

22.6. Accounting Terms; Changes in GAAP.

All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, all computations made pursuant to this Agreement shall be made in accordance with GAAP and all balance sheets and other financial statements with respect thereto shall be prepared in accordance with GAAP; provided, however, if (a) at the time of delivery of any financial statements pursuant to Section 7.1 the Company shall object to making computations for the purpose of determining compliance with this Agreement on the basis of any change in GAAP after the date of this Agreement or (b) the Required Holders shall so object in writing within 60 days after receipt of such financial statements, then in either case such computations shall be made on a basis consistent with the most recent financial statements delivered by the Company to the holders of Notes as to which no such objection shall have been made (or, prior to the delivery of the first financial statements pursuant to Section 7.1, consistent with the annual audited financial statements included in the Appendices to the Memorandum).

Without limiting the generality of Section 7.1, prior to or concurrently with the delivery of financial statements reflecting any change in GAAP, the Company will give notice of such change to the holders of Notes (and for such purpose a note or explanation in reasonable detail accompanying such financial statements shall be deemed to constitute notice). The Company will also give prompt written notice to the holders of Notes in the event that the Administrative Agent or Required Lenders (as such terms are defined in the Bank Credit Agreement) object to determining compliance with the Bank Credit Agreement on the basis of any change in GAAP.

Except as otherwise specifically provided herein, any consolidated financial statement or financial computation shall be done in accordance with GAAP; and, if at the time that any such statement or computation is required to be made the Company shall not have any Restricted Subsidiary, such terms shall mean a financial statement or a financial computation, as the case may be, with respect to the Company only.

22.7. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

22.8. Governing Law.

This Agreement and the Notes shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

If you are in agreement with the foregoing, please sign the form of agreement in the space below provided on a counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

THE PITTSTON COMPANY

By /s/ James B. Hartough

Title: Vice President -- Corporate Finance and Treasurer

The foregoing is hereby agreed to as of the date thereof.

AMERICAN HERITAGE LIFE INSURANCE COMPANY

By /s/ Ronald Mendel

Ronald Mendel
Authorized Signatory

By /s/ Charles D. Mires

Charles D. Mires
Authorized Signatory

If you are in agreement with the foregoing, please sign the form of agreement in the space below provided on a counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

THE PITTSTON COMPANY

By /s/ James B. Hartough

Title: Vice President -- Corporate Finance and Treasurer

The foregoing is hereby agreed to as of the date thereof.

ALLSTATE LIFE INSURANCE COMPANY

By /s/ Ronald Mendel

Ronald Mendel
Authorized Signatory

By /s/ Charles D. Mires

Charles D. Mires
Authorized Signatory

If you are in agreement with the foregoing, please sign the form of agreement in the space below provided on a counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

THE PITTSTON COMPANY

By /s/ James B. Hartough

Title: Vice President -- Corporate Finance and Treasurer

The foregoing is hereby agreed to as of the date thereof.

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

By /s/ Thomas M. Donohue

Thomas M. Donohue

If you are in agreement with the foregoing, please sign the form of agreement in the space below provided on a counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

THE PITTSTON COMPANY

By /s/ James B. Hartough

Title: Vice President -- Corporate Finance and Treasurer

The foregoing is hereby agreed to as of the date thereof.

NATIONWIDE LIFE INSURANCE COMPANY

By /s/ Mark W. Poeppelman

Mark W. Poeppelman
Associate Vice President

If you are in agreement with the foregoing, please sign the form of agreement in the space below provided on a counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

THE PITTSTON COMPANY

By /s/ James B. Hartough

Title: Vice President -- Corporate
Finance and Treasurer

The foregoing is hereby agreed to as of the date thereof.

NATIONWIDE LIFE AND ANNUITY
INSURANCE COMPANY

By /s/ Mark W. Poeppelman

Mark W. Poeppelman
Associate Vice President

If you are in agreement with the foregoing, please sign the form of agreement in the space below provided on a counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

THE PITTSTON COMPANY

By /s/ James B. Hartough

Title: Vice President -- Corporate Finance and Treasurer

The foregoing is hereby agreed to as of the date thereof.

GUARDIAN INSURANCE & ANNUITY COMPANY

By /s/ Thomas M. Donohue

Thomas M. Donohue

If you are in agreement with the foregoing, please sign the form of agreement in the space below provided on a counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

THE PITTSTON COMPANY

By /s/ James B. Hartough

Title: Vice President -- Corporate Finance and Treasurer

The foregoing is hereby agreed to as of the date thereof.

AMERICAN GENERAL ANNUITY INSURANCE COMPANY

By /s/ C. Scott Inglis

C. Scott Inglis
Investment Officer

If you are in agreement with the foregoing, please sign the form of agreement in the space below provided on a counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Company.

Very truly yours,

THE PITTSTON COMPANY

By /s/ James B. Hartough

Title: Vice President -- Corporate Finance and Treasurer

The foregoing is hereby agreed to as of the date thereof.

AMERICAN GENERAL LIFE INSURANCE COMPANY

By /s/ C. Scott Inglis

C. Scott Inglis
Investment Officer

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"Affiliate" means, at any time, with respect to any Person (including without limitation the Company), (a) any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and (b) any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Subsidiary or any corporation of which the Company and its Subsidiaries beneficially own or hold, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Company.

"Asset Sale" is defined in Section 10.4.

"Attributable Debt" means, as to any particular lease relating to a sale and leaseback transaction, the Lease Rentals under such lease (discounted on the same periodic basis from the respective due dates thereof at an interest rate of 10% per annum) during the remaining term thereof.

"Bank Credit Agreement" means the Credit Agreement dated as of October 3, 2000 among the Company, certain of its Subsidiaries, Fleet National Bank and The Chase Manhattan Bank, as Co-Syndication Agents, Bank of America, N.A., as Administrative Agent, and the Lenders named therein, as supplemented, amended, restated or refinanced from time to time.

"Business Day" means any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capitalized Lease Obligations" means with respect to any Person, all outstanding obligations of such Person in respect of Capital Leases, taken at the capitalized amount thereof accounted for as indebtedness in accordance with GAAP.

"Closing" is defined in Section 3.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Company" means The Pittston Company, a Virginia corporation.

"Consolidated EBITDA" means, for any period, an amount equal to the sum of (a) Consolidated Net Income for such period plus (b) to the extent deducted in determining Consolidated Net Income for such period, (i) Consolidated Interest Expense, (ii) income tax expense, (iii) depreciation, depletion and amortization, and (iv) all other non-cash charges, in each case determined on a consolidated basis in accordance with GAAP.

"Consolidated Interest Expense" means, for any period, as applied to the Company and its Restricted Subsidiaries, all interest expense (whether paid or accrued) and capitalized interest, including without limitation (a) amortization of debt discount and premium and (b) the interest component under Capital Leases, in each case determined on a consolidated basis in accordance with GAAP.

"Confidential Information" is defined in Section 20.

"Consolidated Capitalization" means, at any date, the sum of (a) Consolidated Indebtedness plus (b) Consolidated Net Worth, all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in accordance with GAAP.

"Consolidated Indebtedness" means, at any date, all Indebtedness of the Company and its Restricted Subsidiaries determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, for any period, the net income of the Company and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP, excluding

(a) the proceeds of any life insurance policy,

(b) any gains arising from (i) the sale or other disposition of any assets (other than current assets) to the extent that the aggregate amount of the gains during such period exceeds the aggregate amount of the losses (other than losses described in clause (h) below) during such period from the sale, abandonment or other disposition of assets (other than current assets), (ii) any write-up of assets or (iii) the acquisition of outstanding securities of the Company or any Restricted Subsidiary,

(c) any amount representing any interest in the undistributed earnings of any person other than a Restricted Subsidiary,

(d) any earnings, prior to the date of acquisition, of any person acquired in any manner, and any earnings of any Subsidiary acquired prior to its becoming a Restricted Subsidiary,

(e) any earnings of a successor to or transferee of the assets of the Company prior to its becoming such successor or transferee,

(f) any deferred credit (or amortization of a deferred credit) arising from the acquisition of any person,

(g) any extraordinary gains not covered by clause (b) above, and

(h) any loss arising from or relating to the initial classification of any portion of the Pittston Minerals Group as discontinued operations and/or subsequent adjustments associated with the dispositions of such discontinued operations and any loss or charges in connection with the disposition of assets relating to aircraft, aircraft replacement parts and facilities and equipment by BAX Global Inc. and/or its Subsidiaries up to $75,000,000 on a cumulative basis for all periods after September 30, 2000.

"Consolidated Net Worth" means, at any date, on a consolidated basis for the Company and its Restricted Subsidiaries, shareholders' equity or net worth as determined and computed on a consolidated basis in accordance with GAAP, provided that in determining "Consolidated Net Worth" there shall be (a) included any issuance of Preferred Stock by the Company (except mandatorily redeemable Preferred Stock), (b) added back the amount of any minority interest and (c) excluded (i) any loss arising from or relating to sale of or the initial classification of any portion of the Pittston Minerals Group as discontinued operations and any subsequent adjustments associated with the disposition of such discontinued operations, (ii) any loss or charges in connection with the disposition of assets relating to aircraft, aircraft replacement parts and facilities and equipment by BAX Global Inc. and/or its Subsidiaries up to $75,000,000 on a cumulative basis for all periods after September 30, 2000.

"Default" means an event or condition the occurrence or existence of which would, with the giving of notice or the lapse of time, or both, become an Event of Default.

"Default Rate" means that rate of interest for the Notes of each series that is the greater of (i) 2% per annum above the stated interest rate for the Notes of such series and (ii) 2% above the rate of interest publicly announced by The Chase Manhattan Bank from time to time at its principal office in New York City as its prime rate.

"Discounted Consolidated Lease Rentals" is defined in Section 10.5(c).

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code.

"Event of Default" is defined in Section 11.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"GAAP" means, except as otherwise provided in Section 22.6, generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Authority" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Guaranty" means, with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including without limitation obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such Indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of any other Person to make payment of the Indebtedness or obligation; or

(d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

In any computation of the Indebtedness or other liabilities of the obligor under any Guaranty, the Indebtedness or other obligations that are the subject of such Guaranty shall be assumed to be direct obligations of such obligor.

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or any other substances, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is restricted, prohibited or penalized by any applicable law (including without limitation asbestos, urea formaldehyde foam insulation and polycholorinated biphenyls).

"holder" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to Section 13.1.

"Indebtedness" with respect to any Person means, at any time, without duplication,

(a) its liabilities for borrowed money and its redemption obligations in respect of Preferred Stock that is mandatorily redeemable prior to the final maturity of the Notes,

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business and not overdue but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property),

(c) its Capitalized Lease Obligations,

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities),

(e) the maximum amount of all drafts drawn under standby letters of credit issued or bankers' acceptance facilities created for the account of such Person (to the extent unreimbursed),

(f) Swaps of such Person not entered into for the purpose of hedging in the ordinary course of business, and

(g) any Guaranty of such Person with respect to liabilities of a type described in any of clauses (a) through (f) above.

Indebtedness of any person shall include all obligations of such person of the character described in clauses (a) through (g) above to the extent such person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"Institutional Investor" means (a) any original purchaser of a Note, (b) any holder of a Note holding (together with one or more of its Affiliates) more than 2% of the aggregate principal amount of the Notes then outstanding, and (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form.

"Lease Rentals" is defined in Section 10.5(c).

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"Make-Whole Amount" is defined in Section 8.7.

"Material" means material in relation to the business, operations, affairs, financial condition, assets or properties of the Company and its Restricted Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Company and its Restricted Subsidiaries taken as a whole, (b) the ability of the Company to perform its obligations under this Agreement and the Notes or (c) the validity or enforceability of this Agreement or the Notes or any Subsidiary Guarantee.

"Memorandum" is defined in Section 5.3.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"Notes" is defined in Section 1.1.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"Other Agreements" is defined in Section 2.

"Other Purchasers" is defined in Section 2.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

"Pittston Minerals Group" means Pittston Minerals Group Inc. and its Subsidiaries from time to time.

"Plan" means an "employee benefit plan" (as defined in section 3(3) of ERISA) that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"Preferred Stock" means any class of capital stock of a corporation that is preferred over any other class of capital stock of such corporation as to the payment of dividends or the payment of any amount upon liquidation or dissolution of such corporation.

"Priority Debt" is defined in Section 10.1.

"property" or "properties" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, inchoate or otherwise.

"PTE" is defined in Section 6.2.

"QPAM Exemption" means Prohibited Transaction Class Exemption 84-14 issued on March 13, 1984 by the United States Department of Labor.

"Required Holders" means, at any time, the holders of at least a majority in unpaid principal amount of the Notes at the time outstanding (exclusive of Notes then owned by the Company or any of its Affiliates).

"Responsible Officer" means any Senior Financial Officer.

"Restricted Subsidiary" means as of the date of this Agreement each Subsidiary as designated as such in Schedule 5.4 and thereafter means each other Subsidiary that is not an Unrestricted Subsidiary; provided that each of the Subsidiary Guarantors listed in Section 4.5 shall at all times remain a Restricted Subsidiary, in each case so long as such corporation is a Subsidiary Guarantor.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Company.

"Series A Notes" is defined in Section 1.1.

"Series B Notes" is defined in Section 1.1.

"Subsidiary" means, as to any Person, any corporation or other business entity a majority of the combined voting power of all Voting Stock of which is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"Subsidiary Guarantee" is defined in Section 1.2.

"Subsidiary Guarantors" is defined in Section 4.5.

"Swaps" means, with respect to any Person, payment obligations with respect to interest rate swaps, currency swaps and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency. For the purposes of this Agreement, the amount of the obligation under any Swap shall be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined.

"Unrestricted Subsidiary" means any Subsidiary that has been designated as an Unrestricted Subsidiary on Schedule 5.4, any Restricted Subsidiary that is designated as an Unrestricted Subsidiary after the date of the Closing pursuant to Section 10.9 and any Person that becomes a Subsidiary after the date of the Closing that is not designated as a Restricted Subsidiary pursuant to said Section, in each case other than an Unrestricted Subsidiary that is subsequently redesignated as a Restricted Subsidiary pursuant to said Section.

"Voting Stock" means, with respect to any Person, any shares of stock or other equity interests of any class or classes of such Person whose holders are entitled under ordinary circumstances (irrespective of whether at the time stock or other equity interests of any other class or classes shall have or might have voting power by reason of the happening of any contingency) to vote for the election of a majority of the directors, managers, trustees or other governing body of such Person.

"Wholly-Owned Restricted Subsidiary" means, at any time, any Restricted Subsidiary all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-Owned Restricted Subsidiaries at such time.

[FORM OF SERIES A NOTE]

THE PITTSTON COMPANY

7.84% Senior Note, Series A, due 2007

No. RA-[_____] New York, New York
$[_______] [Date]
PPN: 725701 B@ 4

FOR VALUE RECEIVED, the undersigned, The Pittston Company (the "Company"), a Virginia corporation, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] DOLLARS on January 18, 2007, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) from the date hereof on the unpaid balance thereof at the rate of 7.84% per annum, payable semiannually on January 18 and July 18 in each year, until the principal hereof shall have become due and payable, and (b) on any overdue payment of principal, any overdue payment of interest (to the extent permitted by applicable law) and any overdue payment of any premium or Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand) at a rate per annum from time to time equal to the greater of (i) 9.84% and (ii) 2% above the rate of interest publicly announced by The Chase Manhattan Bank from time to time at its principal office in New York City as its prime rate.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at said principal office of The Chase Manhattan Bank in New York City or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of a series of 7.84% Senior Notes, Series A, due 2007 issued pursuant to separate Note Purchase Agreements dated as of January 18, 2001 (as from time to time amended, the "Note Purchase Agreements") between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. This Note is also entitled to the benefits of certain Subsidiary Guarantees heretofore and from time to time hereafter executed and delivered pursuant to the Note Purchase Agreements. Each holder of this Note will be deemed, by its acceptance hereof, to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer or exchange, accompanied by a written instrument of transfer duly executed by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note of the same series for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company is required to make prepayments of principal, and may make optional prepayments of principal in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable premium or Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder hereof shall be governed by, the laws of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

THE PITTSTON COMPANY

By

Title:

[FORM OF SERIES B NOTE]

THE PITTSTON COMPANY

8.02% Senior Note, Series B, due 2008

No. RB-[_____]   New York, New York
$[_______]   [Date]
PPN: 725701 B# 2

FOR VALUE RECEIVED, the undersigned, The Pittston Company (the "Company"), a Virginia corporation, hereby promises to pay to [ ], or registered assigns, the principal sum of [ ] DOLLARS on January 18, 2008, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) from the date hereof on the unpaid balance thereof at the rate of 8.02% per annum, payable semiannually on January 18 and July 18 in each year, until the principal hereof shall have become due and payable, and (b) on any overdue payment of principal, any overdue payment of interest (to the extent permitted by applicable law) and any overdue payment of any premium or Make-Whole Amount (as defined in the Note Purchase Agreements referred to below), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand) at a rate per annum from time to time equal to the greater of (i) 10.02% and (ii) 2% above the rate of interest publicly announced by The Chase Manhattan Bank from time to time at its principal office in New York City as its prime rate.

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at said principal office of The Chase Manhattan Bank in New York City or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreements referred to below.

This Note is one of a series of 8.02% Senior Notes, Series B, due 2008 issued pursuant to separate Note Purchase Agreements dated as of January 18, 2001 (as from time to time amended, the "Note Purchase Agreements") between the Company and the respective Purchasers named therein and is entitled to the benefits thereof. This Note is also entitled to the benefits of certain Subsidiary Guarantees heretofore and from time to time hereafter executed and delivered pursuant to the Note Purchase Agreements. Each holder of this Note will be deemed, by its acceptance hereof, to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreements.

This Note is a registered Note and, as provided in the Note Purchase Agreements, upon surrender of this Note for registration of transfer or exchange, accompanied by a written instrument of transfer duly executed by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note of the same series for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company may make optional prepayments of principal in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreements, but not otherwise.

If an Event of Default, as defined in the Note Purchase Agreements, occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable premium or Make-Whole Amount) and with the effect provided in the Note Purchase Agreements.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder hereof shall be governed by, the laws of the State of New York, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

THE PITTSTON COMPANY

By

Title:

RECEIVABLES PURCHASE AGREEMENT

dated as of December 15, 2000

among

BAX FUNDING CORPORATION

BAX GLOBAL INC.

LIBERTY STREET FUNDING CORP.

and

THE BANK OF NOVA SCOTIA

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This RECEIVABLES PURCHASE AGREEMENT (as amended, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of December 15, 2000, among BAX FUNDING CORPORATION, a California corporation, as seller (the "Seller"), BAX GLOBAL INC., a Delaware corporation ("BAX"), as initial servicer (in such capacity, together with its successors and permitted assigns in such capacity, the "Servicer"), LIBERTY STREET FUNDING CORP., a Delaware corporation (together with its successors and permitted assigns, the "Issuer"), and THE BANK OF NOVA SCOTIA, a Canadian chartered bank acting through its New York Agency ("BNS"), as administrator (in such capacity, together with its successors and assigns in such capacity, the "Administrator").

PRELIMINARY STATEMENTS. Certain terms that are capitalized and used throughout this Agreement are defined in Exhibit I. References in the Exhibits hereto to the "Agreement" refer to this Agreement, as amended, supplemented or otherwise modified from time to time.

The Seller desires to sell, transfer and assign an undivided variable percentage interest in a pool of receivables, and the Issuer desires to acquire such undivided variable percentage interest, as such percentage interest shall be adjusted from time to time based upon, in part, reinvestments made by the Issuer.

In consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

ARTICLE I.
AMOUNTS AND TERMS OF THE PURCHASES

Section 1.1. Purchase Facility. (a) On the terms and conditions hereinafter set forth, the Issuer hereby agrees to purchase, and make reinvestments in, undivided percentage ownership interests with regard to the Purchased Interest from the Seller from time to time from the date hereof to the Facility Termination Date. Under no circumstances shall the Issuer make any such purchase or reinvestment if, after giving effect to such purchase or reinvestment, the aggregate outstanding Capital of the Purchased Interest would exceed the Purchase Limit.

(b) The Seller may, upon at least 30 days' written notice to the Administrator, terminate in whole or reduce in part the unused portion of the Purchase Limit; provided, that each partial reduction shall be in the amount of at least $1,000,000, and an integral multiple of $1,000,000, and that, unless terminated in whole, the Purchase Limit shall in no event be reduced below $20,000,000.

Section 1.2. Making Purchases. (a) Each purchase (but not reinvestment) of undivided percentage ownership interests with regard to the Purchased Interest hereunder shall be made upon the Seller's irrevocable written notice in the form of Annex B delivered to the Administrator in accordance with Section 5.2 (which notice must be received by the Administrator before 2:00 p.m., New York City time) at least three Business Days before the requested purchase date and shall specify: (A) the amount requested to be paid to the Seller (such amount, which shall not be less than $1,000,000, being the Capital relating to the undivided percentage ownership interest then being purchased), and (B) the date of such purchase (which shall be a Business Day).

(b) On the date of each purchase (but not reinvestment) of undivided percentage ownership interests with regard to the Purchased Interest hereunder, the Issuer shall, upon satisfaction of the applicable conditions set forth in Exhibit II, make available to the Seller in same day funds, at The Chase Manhattan Bank, account number 323181317, ABA 021000021, an amount equal to the Capital relating to the undivided percentage ownership interest then being purchased.

(c) Effective on the date of each purchase pursuant to this Section and each reinvestment pursuant to Section 1.4, the Seller hereby sells and assigns to the Issuer an undivided percentage ownership interest in: (i) each Pool Receivable then existing, (ii) all Related Security with respect to such Pool Receivables, and (iii) all Collections with respect to, and other proceeds of, such Pool Receivables and Related Security.

(d) To secure all of the Seller's obligations (monetary or otherwise) under this Agreement and the other Transaction Documents to which it is a party, whether now or hereafter existing or arising, due or to become due, direct or indirect, absolute or contingent, the Seller hereby grants to the Issuer a security interest in all of the Seller's right, title and interest (including any undivided interest of the Seller) in, to and under all of the following, whether now or hereafter owned, existing or arising: (i) all Pool Receivables, (ii) all Related Security with respect to such Pool Receivables, (iii) all Collections with respect to such Pool Receivables, (iv) the Lock-Box Accounts and the Collection Account and all amounts on deposit therein, and all certificates and instruments, if any, from time to time evidencing such Lock-Box Accounts and Collection Account and amounts on deposit therein, (v) all rights (but none of the obligations) of the Seller under the Sale Agreement, and (vi) all proceeds of, and all amounts received or receivable under any or all of, the foregoing (collectively, the "Pool Assets"). The Issuer shall have, with respect to the Pool Assets, and in addition to all the other rights and remedies available to the Issuer, all the rights and remedies of a secured party under any applicable UCC.

Section 1.3. Purchased Interest Computation. The Purchased Interest shall be initially computed on the date of the initial purchase hereunder. Thereafter, until the Facility Termination Date, the Purchased Interest shall be automatically recomputed (or deemed to be recomputed) on each Business Day other than a Termination Day. From and after the occurrence of any Termination Day, the Purchased Interest shall (until the event(s) giving rise to such Termination Day are satisfied or are waived by the Administrator) be deemed to be 100%. The Purchased Interest shall become zero when the Capital thereof and Discount thereon shall have been paid in full, all the amounts owed by the Seller and the Servicer hereunder to the Issuer, the Administrator and any other Indemnified Party or Affected Person are paid in full, and the Servicer shall have received the accrued Servicing Fee thereon.

Section 1.4. Settlement Procedures. (a) The collection of the Pool Receivables shall be administered by the Servicer in accordance with this Agreement. The Seller shall provide to the Servicer on a timely basis all information needed for such administration, including notice of the occurrence of any Termination Day and current computations of the Purchased Interest.

(b) The Servicer shall, on each Business Day on which Collections of Pool Receivables are received (or deemed received) by the Seller or Servicer or are deposited into the Lock-Box Accounts, transfer such Collections therefrom and deposit such Collections into the Collection Account. With respect to such Collections on such day, the Servicer shall:

(i) set aside within the Collection Account for the benefit of the Issuer, out of the percentage of such Collections represented by the Purchased Interest, first an amount equal to the Discount accrued through such day for each Portion of Capital and not previously transferred, second, an amount equal to all accrued and unpaid Fees not previously transferred, and third, to the extent funds are available therefor, an amount equal to the Issuer's Share of the Servicing Fee accrued through such day and not previously transferred; and

(ii) subject to Section 1.4(f), if such day is not a Termination Day, remit to the Seller, on behalf of the Issuer, the remainder of the percentage of such Collections, represented by the Purchased Interest, to the extent representing a return on the Capital; such Collections shall be automatically reinvested in Pool Receivables, and in the Related Security and Collections and other proceeds with respect thereto, and the Purchased Interest shall be automatically recomputed pursuant to Section 1.3; it being understood, that prior to remitting to the Seller the remainder of such Collections by way of reinvestment in Pool

Receivables, the Servicer shall have calculated the Purchased Interest on such day, and if such Purchased Interest shall exceed 100% of the Net Receivables Pool Balance on such day, such Collections shall not be remitted to the Seller but shall be set aside within the Collection Account for the benefit of the Issuer in accordance with paragraph (iii) below;

(iii) if such day is a Termination Day, set aside within the Collection Account for the benefit of the Issuer the entire remainder of the percentage of the Collections represented by the Purchased Interest; provided that so long as the Facility Termination Date has not occurred if any amounts are so transferred to the Collection Account on any Termination Day and thereafter, the conditions set forth in Section 2 of Exhibit II are satisfied or are waived by the Administrator, such previously transferred amounts shall, to the extent representing a return on the Capital, be reinvested in accordance with the preceding paragraph (ii) on the day of such subsequent satisfaction or waiver of conditions; and

(iv) if such day is not a Termination Day, release to the Seller (subject to Section 1.4(f)) for its own account any Collections in excess of (x) any amounts that are required to be reinvested in accordance with the foregoing paragraph (ii) or the proviso to paragraph (iii), (y) the amounts that are required to be set aside pursuant to paragraph (i) above and (z) in the event the Seller is not the Servicer, all reasonable and appropriate out-of-pocket costs and expenses of such Servicer of servicing, collecting and administering the Pool Receivables.

(c) The Servicer shall deposit into the Administration Account (or such other account designated by the Administrator), on each Settlement Date, Collections held for the Issuer pursuant to clause (b)(i) or (f) plus the amount of Collections then held for the Issuer pursuant to clauses (b)(ii) and (iii) of Section 1.4; provided, that if BAX or an Affiliate thereof is the Servicer, such day is not a Termination Day and the Administrator has not notified BAX (or such Affiliate) that such right is revoked, BAX (or such Affiliate) may retain the portion of the Collections set aside pursuant to clause (b)(i) that represents the Issuer's Share of the Servicing Fee. On the last day of each Yield Period, the Administrator will notify the Servicer by facsimile of the amount of Discount accrued with respect to each Portion of Capital during such Yield Period or portion thereof.

(d) Upon receipt of funds deposited into the Administration Account pursuant to clause (c), the Administrator shall cause such funds to be distributed as follows:

(i) if such distribution occurs on a day that is not a Termination Day and the Purchased Interest does not exceed 100%, first to the Issuer in payment in full of all accrued Discount with respect to each Portion of Capital and accrued and unpaid Fees, and second, if the Servicer has set aside amounts in respect of the Servicing Fee pursuant to clause (b)(i) and has not retained such amounts pursuant to clause (c), to the Servicer (payable in arrears on each Settlement Date) in payment in full of the Issuer's Share of accrued Servicing Fees so set aside, and

(ii) if such distribution occurs on a Termination Day or on a day when the Purchased Interest exceeds 100%, first to the Issuer in payment in full of all accrued Discount with respect to each Portion of Capital and accrued and unpaid Fees, second to the Issuer in payment in full of Capital (or, if such day is not a Termination Day, the amount necessary to reduce the Purchased Interest to 100%), third, if BAX or an Affiliate thereof is not the Servicer, to the Servicer in payment in full of the Issuer's Share of all accrued Servicing Fees, fourth, if the Capital and accrued Discount with respect to each Portion of Capital have been reduced to zero, and all accrued Servicing Fees payable to the Servicer (if other than BAX or an Affiliate thereof) have been paid in full, to the Issuer, the Administrator and any other Indemnified Party or Affected Person in payment in full of any other amounts owed thereto by the Seller under this Agreement and, fifth, unless such amount has been retained by the Servicer pursuant to clause (c), to the Servicer (if the Servicer is BAX or an Affiliate thereof) in payment in full of the Issuer's Share of all accrued Servicing Fees.

After the Capital, Discount, Fees and Servicing Fees with respect to the Purchased Interest, and any other amounts payable by the Seller and the Servicer to the Issuer, the Administrator or any other Indemnified Party or Affected Person hereunder, have been paid in full, all additional Collections with respect to the Purchased Interest shall be paid to the Seller for its own account.

(e) For the purposes of this Section 1.4:

(i) if on any day the Outstanding Balance of any Pool Receivable is reduced or adjusted as a result of any defective, rejected, returned, repossessed or foreclosed goods or services, or any revision, cancellation, allowance, discount or other adjustment made by any Originator, the

Servicer, the Seller or any Affiliate of the Seller, or any setoff or dispute between any Originator, the Seller or any Affiliate of the Seller and an Obligor, the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in the amount of such reduction or adjustment;

(ii) if on any day any of the representations or warranties in Section 1(g), (m) or (s) of Exhibit III is not true with respect to any Pool Receivable, the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in full (Collections deemed to have been received pursuant to clause (i) and (ii) of this paragraph (e) are hereinafter sometimes referred to as "Deemed Collections");

(iii) except as otherwise required by applicable law or the relevant Contract, all Collections received from an Obligor of any Receivable shall be applied to the Receivables of such Obligor in the order of the age of such Receivables, starting with the oldest such Receivable, unless such Obligor designates in writing its payment for application to specific Receivables; and

(iv) if and to the extent the Administrator or the Issuer shall be required for any reason to pay over to an Obligor (or any trustee, receiver, custodian or similar official in any Insolvency Proceeding) any amount received by it hereunder, such amount shall be deemed not to have been so received by the Administrator or the Issuer but rather to have been retained by the Seller and, accordingly, the Administrator or the Issuer, as the case may be, shall have a claim against the Seller for such amount, payable when and to the extent that any distribution from or on behalf of such Obligor is made in respect thereof.

(f) If at any time the Seller shall wish to cause the reduction of Capital of the Purchased Interest (but not to commence the liquidation, or reduction to zero, of the entire Capital of the Purchased Interest), the Seller may do so as follows:

(i) the Seller shall give the Administrator and the Servicer at least two Business Days' prior written notice thereof (including the amount of such proposed reduction and the proposed date on which such reduction will commence);

(ii) on the proposed date of commencement of such reduction and on each day thereafter, the Servicer shall cause Collections not to be reinvested until the amount thereof not so reinvested shall equal the desired amount of reduction; and

(iii) the Servicer shall hold such Collections in the Collection Account for the benefit of the Issuer, for payment to the Administrator on the next Settlement Date immediately following the current Yield Period, and the Capital of the Purchased Interest shall be deemed reduced in the amount to be paid to the Administrator only when in fact finally so paid;

provided, that:

(A) the amount of any such reduction shall be not less than $1,000,000 and shall be an integral multiple of $1,000,000, and the entire Capital of the Purchased Interest after giving effect to such reduction shall be not less than $20,000,000 and shall be in an integral multiple of $1,000,000 (unless Capital shall have been reduced to zero); and

(B) the Seller shall choose a reduction amount, and the date of commencement thereof, so that to the extent practicable such reduction shall commence and conclude in the same Yield Period.

Section 1.5. Fees. The Seller shall pay to the Administrator certain fees in the amounts and on the dates set forth in a letter, dated the date hereof, among the Seller, the Servicer, the Issuer and the Administrator (as such letter agreement may be amended, supplemented or otherwise modified from time to time, the "Fee Letter").

Section 1.6. Payments and Computations, Etc. (a) All amounts to be paid or deposited by the Seller or the Servicer hereunder shall be made without reduction for offset or counterclaim and shall be paid or deposited no later than 2:00 p.m. (New York City time) on the day when due in same day funds to the Administration Account. All amounts received after 2:00 p.m. (New York City time) will be deemed to have been received on the next Business Day.

(b) The Seller or the Servicer, as the case may be, shall, to the extent permitted by law, pay interest on any amount not paid or deposited by the Seller or the Servicer, as the case may be, when due hereunder, at an interest rate equal to 2.0% per annum above the Base Rate, payable on demand.

(c) All computations of interest under clause (b) and all computations of Discount, fees and other amounts hereunder shall be made on the basis of a year of 360 (or 365 or 366, as applicable, with respect to Discount or other amounts calculated by reference to the Base Rate) days for the actual number of days elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next Business Day and such extension of time shall be included in the computation of such payment or deposit.

Section 1.7. Increased Costs. (a) If either (i) the introduction of, or any change or proposed change in, or in the interpretation of, any applicable law or regulation, or (b) compliance with any guideline or request issued after the date hereof from any central bank or comparable agency or other Governmental Authority (whether or not having the force of law), has or would have the effect of reducing the rate of return on the capital of, or has affected or would affect the amount of capital required to be maintained by the Administrator, the Issuer, any Purchaser, any other Program Support Provider or any of their respective Affiliates (each, an "Affected Person"), below the rate which such Affected Person could have achieved but for such introduction, change or compliance by an amount such Affected Person deems material, and such Affected Person determines that the amount of such reduction is based upon the existence of any commitment to make purchases of (or otherwise to maintain the investment in) Pool Receivables related to this Agreement or any other Transaction Document, then within five (5) Business Days after written demand by any such Affected Person, the Seller shall pay to such Affected Person from time to time as specified by such Affected Person additional amounts sufficient to compensate such Affected Person or other corporation for such reduction; provided, however, that to the extent any reduction in the rate of return on such Affected Person's capital results both from its obligations hereunder and from developments in its business or financial position not related to this Agreement, such Affected Person shall, in determining the amount necessary to compensate it under this Section, attempt in good faith to take account of the relative contributions of such obligations hereunder and such other developments or change in its financial position to such reduction. A certificate of such Affected Person setting forth in reasonable detail the basis for determining such amounts necessary to compensate such Affected Person shall be forwarded to the Seller through the Administrator and shall be conclusively presumed to be correct save for manifest error.

(b) If, due to either: (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to any Affected Person of agreeing to purchase or purchasing, or maintaining the ownership of, the Purchased Interest in respect of which Discount is computed by reference to the Eurodollar Rate, then, upon demand by such Affected Person, the Seller shall promptly pay in any event not later than 30 days from the delivery of such demand to such Affected Person, from time to time as specified by such Affected Person, additional amounts sufficient to compensate such Affected Person for such increased costs; provided, however, that to the extent any such increase in costs results both from its obligations hereunder and from developments in its business or financial position not related to this Agreement, such Affected Party shall, in determining the amount necessary to compensate it under this Section 1.7(b) attempt in good faith to take account of the relative contributions of such obligations hereunder and such other developments or change in its financial position to such increase. The Administrator and Affected Party will promptly notify the Seller of any event of which it has knowledge which will entitle such Affected Party to compensation pursuant to this Section 1.7(b); provided that the Administrator shall incur no liability whatsoever to the Affected Party or the Seller in the event it fails to do so. The amount of such compensation shall be determined, in the Affected Party's reasonable discretion, based upon the assumption that such Affected Party funded its purchase or agreed to fund its purchase of such Purchased Interest in the London interbank market and using any reasonable attribution or averaging methods which such Affected Party deems appropriate and practical. A certificate of such Affected Party setting forth in reasonable detail the basis for determining such amount or amounts necessary to compensate such Affected party shall be forwarded to the Seller through the Administrator and shall be conclusively presumed to be correct save for manifest error. A certificate as to such amounts submitted to the Seller and the Administrator by such Affected Person shall be conclusive and binding for all purposes, absent manifest error.

Section 1.8. Requirements of Law. If any Affected Person reasonably determines that the existence of or compliance with: (a) any law or regulation or any change therein or in the interpretation or application thereof, in each case adopted, issued or occurring after the date hereof, or (b) any request, guideline or directive from any central bank or other Governmental Authority (whether or not having the force of law) issued or occurring after the date of this Agreement:

(i) does or shall subject such Affected Person to any tax of any kind whatsoever with respect to this Agreement, any increase in the Purchased Interest or in the amount of Capital relating thereto, or does or shall change the basis of taxation of payments to such Affected Person on account of Collections, Discount or any other amounts payable hereunder (excluding taxes imposed on the overall pre-tax net income of such Affected Person, and franchise taxes imposed on such Affected Person, by the jurisdiction under the laws of which such Affected Person is organized or a political subdivision thereof),

(ii) does or shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, purchases, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Affected Person that are not otherwise included in the determination of the Eurodollar Rate or the Base Rate hereunder, or

(iii) does or shall impose on such Affected Person any other condition, and the result of any of the foregoing is: (A) to increase the cost to such Affected Person of acting as Administrator, or of agreeing to purchase or purchasing or maintaining the ownership of undivided percentage ownership interests with regard to the Purchased Interest (or interests therein) or any Portion of Capital, or (B) to reduce any amount receivable hereunder (whether directly or indirectly), then, in any such case, upon demand by such Affected Person, the Seller shall promptly pay to such Affected Person additional amounts necessary to compensate such Affected Person for such additional cost or reduced amount receivable. All such amounts shall be payable as incurred; provided, however, that to the extent any such increase in costs or reduced amount receivable results both from its obligations hereunder and from developments in its business or financial position not related to this Agreement, such Affected Person shall, in determining the amount necessary to compensate it under this Section, attempt in good faith to take account of the relative contributions of such obligations hereunder and such other developments or change in its financial position to such reduction. A certificate of such Affected Person setting forth in reasonable detail the basis for determining such amounts necessary to compensate such Affected Person shall be forwarded to the Seller though the Administrator and shall be conclusively presumed to be correct save for manifest error.

Section 1.9. Mitigation. If any Affected Party demands compensation under Section 1.7 or Section 1.8, then such Affected Party will use reasonable efforts to designate a different office from which to participate in the Purchase Facility if such designation would avoid the need for, or reduce the amount of, such compensation and would not, in the sole judgment of such Affected Party, be otherwise disadvantageous to such Affected Party. A certificate of such Affected Party setting forth the additional amount or amounts required to compensate such Affected Party in respect of any increased costs, the changes as a result of which such amounts are due and the manner of computing such amounts shall be deemed conclusive; provided that the determinations set forth in such certificate are made reasonably and in good faith. If any Affected party demands compensation from the Seller under Section 1.7 or Section 1.8 more than one hundred eighty (180) days after such Affected Party had knowledge of the occurrence of the event giving rise to such compensation, the Seller shall not be obligated to reimburse such Affected Party for amounts incurred as a result of the occurrence of such event more than one hundred eighty (180) days prior to the date on which the Affected Party made such demand (provided that if the event giving rise to the compensation or indemnification is retroactive, then the one hundred eighty (180) day period referred to above shall be extended to include the period of retroactive effect).

Section 1.10. Accounting Terms. Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Administrator, the Issuer or any other party hereunder shall be prepared, in accordance with GAAP applied on a consistent basis. All calculations made for the purposes of determining compliance with this Agreement shall (except as otherwise expressly provided herein) be made by application of GAAP applied on a basis consistent with the most recent annual or quarterly financial statements delivered pursuant to Section 2(f) of Exhibit IV hereof (or, prior to the delivery of the first financial statements pursuant to Section 2(f) of Exhibit IV, consistent with the annual audited financial statements referenced in Section 2(e) of Exhibit III hereof); provided, however, if (a) the Seller shall object to determining such compliance on such basis at the time of delivery of such financial statements due to any change in GAAP or the rules promulgated with respect thereto or (b) the Administrator shall so object in writing within 60 days after delivery of such financial statements, then such calculations shall be made on a basis consistent with the most recent financial statements delivered by the Seller (or the Servicer on its behalf) to the Administrator as to which no such objection shall have been made.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES; COVENANTS; TERMINATION EVENTS

Section 2.1. Representations and Warranties; Covenants. Each of the Seller and the Servicer hereby makes the representations and warranties, and hereby agrees to perform and observe the covenants, applicable to it set forth in Exhibits III and IV, respectively.

Section 2.2. Termination Events. If any of the Termination Events set forth in Exhibit V shall occur, the Administrator may, by notice to the Seller, declare the Facility Termination Date to have occurred (in which case the Facility Termination Date shall be deemed to have occurred); provided, that automatically upon the occurrence of any event (without any requirement for the passage of time or the giving of notice) described in paragraph (f) of Exhibit V, the Facility Termination Date shall occur. Upon any such declaration, occurrence or deemed occurrence of the Facility Termination Date, the Issuer and the Administrator shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided after default under the applicable UCC and under other applicable law, which rights and remedies shall be cumulative.

ARTICLE III.
INDEMNIFICATION

Section 3.1. Indemnities by the Seller. Without limiting any other rights that the Administrator, the Issuer, any Program Support Provider or any of their respective Affiliates, employees, officers, directors, agents, counsel, successors, transferees or assigns (each, an "Indemnified Party") may have hereunder or under applicable law, the Seller hereby agrees to indemnify each Indemnified Party from and against any and all claims, damages, expenses, costs, losses and liabilities (including Attorney Costs) (all of the foregoing being collectively referred to as "Indemnified Amounts") arising out of or resulting from this Agreement (whether directly or indirectly), the use of proceeds of purchases or reinvestments, the ownership of the Purchased Interest, or any interest therein, or in respect of any Receivable, Related Security or Contract, excluding, however: (a) Indemnified Amounts to the extent resulting from gross negligence or willful misconduct on the part of such Indemnified Party or its officers, directors, agents or counsel, (b) recourse (except as otherwise specifically provided in this Agreement) for uncollectible Receivables, or (c) any overall net income taxes or franchise taxes imposed on such Indemnified Party by the jurisdiction under the laws of which such Indemnified Party is organized or any political subdivision thereof. Without limiting or being limited by the foregoing, and subject to the exclusions set forth in the preceding sentence, the Seller shall pay on demand to each Indemnified Party any and all amounts necessary to indemnify such Indemnified Party from and against any and all Indemnified Amounts relating to or resulting from any of the following:

(i) the failure of any Receivable included in the calculation of the Net Receivables Pool Balance as an Eligible Receivable to be an Eligible Receivable, the failure of any information contained in a Monthly Report to be true and correct, or the failure of any other information provided to the Issuer or the Administrator by a Responsible Officer with respect to Receivables or this Agreement to be true and correct,

(ii) the failure of any representation, warranty or statement made or deemed made by the Seller (or any of its officers) under or in connection with this Agreement to have been true and correct as of the date made or deemed made in all respects when made,

(iii) the failure by the Seller to comply with any applicable law, rule or regulation with respect to any Pool Receivable or the related Contract, or the failure of any Pool Receivable or the related Contract to conform to any such applicable law, rule or regulation,

(iv) the failure to vest in the Issuer a valid and enforceable: (A) perfected undivided percentage ownership interest, to the extent of the Purchased Interest, in the Receivables in, or purporting to be in, the Receivables Pool and the other Pool Assets, or (B) first priority perfected security interest in the Pool Assets, in each case, free and clear of any Adverse Claim,

(v) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivables in, or purporting to be in, the Receivables Pool and the other Pool Assets, whether at the time of any purchase or reinvestment or at any subsequent time,

(vi) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable in, or purporting to be in, the Receivables Pool (including a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the goods or services related to such Receivable or the furnishing or failure to furnish such goods or services or relating to collection activities with respect to such Receivable (if such collection activities were performed by the Seller or any of its Affiliates acting as Servicer or by any agent or independent contractor retained by the Seller or any of its Affiliates),

(vii) any failure of the Seller (or any of its Affiliates acting as the Servicer) to perform its duties or obligations in accordance with the provisions hereof or under the Contracts,

(viii) the commingling of Collections at any time with other funds,

(ix) the use of proceeds of purchases or reinvestments, or

(x) any reduction in Capital as a result of the distribution of Collections pursuant to Section 1.4(d), if all or a portion of such distributions shall thereafter be rescinded or otherwise must be returned for any reason.

Section 3.2. Indemnities by the Servicer. Without limiting any other rights that the Administrator, the Issuer or any other Indemnified Party may have hereunder or under applicable law, the Servicer hereby agrees to indemnify each Indemnified Party from and against any and all Indemnified Amounts arising out of or resulting from (whether directly or indirectly): (a) the failure of any information contained in a Monthly Report to be true and correct, or the failure of any other information provided to the Issuer or the Administrator by a Responsible Officer of the Servicer to be true and correct, (b) the failure of any representation, warranty or statement made or deemed made by a Responsible Officer of the Servicer under or in connection with this Agreement to have been true and correct in all respects as of the date made or deemed made, (c) the failure by the Servicer to comply with any applicable law, rule or regulation with respect to any Pool Receivable or the related Contract, (d) any dispute, claim, offset or defense of the Obligor to the payment of any Receivable in, or purporting to be in, the Receivables Pool resulting from or related to the collection activities with respect to such Receivable, or (e) any failure of the Servicer to perform its duties or obligations in accordance with the provisions hereof.

ARTICLE IV.
ADMINISTRATION AND COLLECTIONS

Section 4.1. Appointment of the Servicer. (a) The servicing, administering and collection of the Pool Receivables shall be conducted by the Person so designated from time to time as the Servicer in accordance with this Section. Until the Administrator gives notice to BAX (in accordance with this Section) of the designation of a new Servicer, BAX is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms hereof. Upon the occurrence of a Termination Event, the Administrator may designate as Servicer any Person (including itself) to succeed BAX or any successor Servicer, on the condition in each case that any such Person so designated shall agree to perform the duties and obligations of the Servicer pursuant to the terms hereof.

(b) Upon the designation of a successor Servicer as set forth in clause (a), BAX agrees that it will terminate its activities as Servicer hereunder in a manner that the Administrator determines will facilitate the transition of the performance of such activities to the new Servicer, and BAX shall cooperate with and assist such new Servicer. Such cooperation shall include access to or transfer of related records and use by the new Servicer of all licenses or software necessary or desirable (to the extent that BAX may legally transfer or allow the new Servicer to have access to such software without violating the terms of any agreement between BAX and the provider of such licenses or software which relate to the transfer or assignment thereof; it being understood that if such transfer is not permissible, the Servicer shall use its reasonable best efforts to assist the new Servicer in obtaining any such necessary or desirable license or software) to collect the Pool Receivables and the Related Security.

(c) BAX acknowledges that, in making their decision to execute and deliver this Agreement, the Administrator and the Issuer have relied on BAX's agreement to act as Servicer hereunder. Accordingly, BAX agrees that it will not voluntarily resign as Servicer.

(d) The Servicer may delegate its duties and obligations hereunder with respect to all or any portion of the Pool Receivables to any subservicer (each a "Sub-Servicer"); provided, that, in each such delegation: (i) such Sub-Servicer shall agree in writing to perform the duties and obligations of the Servicer pursuant to the terms hereof, (ii) the Servicer shall remain primarily liable for the performance of the duties and obligations so delegated, (iii) the Seller, the Administrator and the Issuer shall have the right to look solely to the Servicer for performance, and (iv) the terms of any agreement with any Sub-Servicer shall provide that the Administrator may terminate such agreement upon the termination of the Servicer hereunder by giving notice of its desire to terminate such agreement to the Servicer (and the Servicer shall provide appropriate notice to each such Sub-Servicer); provided, however, that if any such delegation is to any Person other than an Originator, the Administrator shall have consented in writing in advance to such delegation.

Section 4.2. Duties of the Servicer. (a) The Servicer shall take or cause to be taken all such action as may be necessary or advisable to administer and collect each Pool Receivable from time to time, all in accordance with this Agreement and all applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policies. The Servicer shall set aside, for the accounts of the Seller and the Issuer, the amount of the Collections to which each is entitled in accordance with Article I. The Servicer may, in accordance with the applicable Credit and Collection Policy, extend the maturity of any Pool Receivable (but not beyond 30 days) and extend the maturity or adjust the Outstanding Balance of any Defaulted Receivable as the Servicer may determine to be appropriate to maximize Collections thereof; provided, however, that: (i) such extension or adjustment shall not alter the status of such Pool Receivable as a Delinquent Receivable or a Defaulted Receivable or limit the rights of the Issuer or the Administrator under this Agreement and (ii) if a Termination Event has occurred and is continuing and BAX or an Affiliate thereof is serving as the Servicer, BAX or such Affiliate may make such extension or adjustment only upon the prior written approval of the Administrator. The Seller shall deliver to the Servicer and the Servicer shall hold for the benefit of the Seller and the Administrator (individually and for the benefit of the Issuer), in accordance with their respective interests, all records and documents (including computer tapes or disks) with respect to each Pool Receivable. Notwithstanding anything to the contrary contained herein, the Administrator may direct the Servicer (whether the Servicer is BAX or any other Person) to commence or settle any legal action to enforce collection of any Pool Receivable or to foreclose upon or repossess any Related Security.

(b) The Servicer shall, as soon as practicable following actual receipt of collected funds, turn over to the Seller the collections of any indebtedness that is not a Pool Receivable, less, if BAX or an Affiliate thereof is not the Servicer, all reasonable and appropriate out-of-pocket costs and expenses of such Servicer of servicing, collecting and administering such collections. The Servicer, if other than BAX or an Affiliate thereof, shall, as soon as practicable upon demand, deliver to the Seller all records in its possession that evidence or relate to any indebtedness that is not a Pool Receivable, and copies of records in its possession that evidence or relate to any indebtedness that is a Pool Receivable.

(c) The Servicer's obligations hereunder shall terminate on the later of: (i) the Facility Termination Date and (ii) the date on which all amounts required to be paid to the Issuer, the Administrator and any other Indemnified Party or Affected Person hereunder shall have been paid in full.

After such termination, if BAX or an Affiliate thereof was not the Servicer on the date of such termination, the Servicer shall promptly deliver to the Seller all books, records and related materials that the Seller previously provided to the Servicer, or that have been obtained by the Servicer, in connection with this Agreement.

Section 4.3. Establishment and Use of Certain Accounts. (a) Within 45 days of the initial purchase hereunder, the Seller shall enter into Lock-Box Agreements establishing the Lock-Box Accounts listed on Schedule II with all of the Lock-Box Banks, and deliver original counterparts thereof to the Administrator.

(b) The Servicer agrees to establish the Collection Account within 45 days of the first purchase hereunder. The Collection Account shall be used to accept the transfer of Collections of Pool Receivables from the Lock-Box Accounts pursuant to Section 1.4(b) and for such other purposes described in the Transaction Documents.

(c) Any amounts in the Collection Account may be invested by the Collection Account Bank at Servicer's direction, in Permitted Investments, so long as Issuer's interest in such Permitted Investments is perfected and such Permitted Investments are subject to no Adverse Claims other than those of the Issuer provided hereunder.

(d) Upon the occurrence of a Termination Event, the Administrator may at any time thereafter give notice to each Lock-Box Bank and/or the Collection Account Bank that the Administrator is exercising its rights under the Lock-Box Agreements and/or the Collection Account Agreement, as applicable, to do any or all of the following: (i) to have the exclusive ownership and control of the Lock-Box Accounts and the Collection Account transferred to the Administrator and to exercise exclusive dominion and control over the funds deposited therein, (ii) to have the proceeds that are sent to the respective Lock-Box Accounts and/or the Collection Account redirected pursuant to the Administrator's instructions rather than deposited in the applicable account, and (iii) to take any or all other actions permitted under the applicable Lock-Box Agreement and/or the Collection Account Agreement. The Seller hereby agrees that if the Administrator at any time takes any action set forth in the preceding sentence, the Administrator shall have exclusive control of the proceeds (including Collections) of all Pool Receivables and the Seller hereby further agrees to take any other action that the Administrator may reasonably request to transfer such control. Any proceeds of Pool Receivables received by the Seller or the Servicer thereafter shall be sent immediately to the Administrator (or as otherwise directed by the Administrator). The parties hereto hereby acknowledge that if at any time the Administrator takes control of any Lock-Box Account and/or the Collection Account, the Administrator shall not have any rights to the funds therein in excess of the unpaid amounts due to the Administrator or the Issuer (including its successors and assigns), and the Administrator shall distribute or cause to be distributed such funds in accordance with Section 4.2(b) and Article I (in each case as if such funds were held by the Servicer thereunder).

Section 4.4. Enforcement Rights. (a) At any time following the occurrence of a Termination Event:

(i) the Administrator may direct the Obligors that payment of all amounts payable under any Pool Receivable is to be made directly to the Administrator or its designee,

(ii) the Administrator may give notice of the Issuer's interest in Pool Receivables to each Obligor, which notice shall direct that payments be made directly to the Administrator or its designee, and

(iii) the Administrator may request the Servicer to, and upon such request the Servicer shall: (A) assemble all of the records necessary or desirable to collect the Pool Receivables and the Related Security, and transfer or license to a successor Servicer the use of all software necessary or desirable (to the extent that BAX may legally transfer or allow the new Servicer to have access to such software without violating the terms of any agreement between BAX and the provider of such licenses or software which relate to the transfer or assignment thereof; it being understood that if such transfer is not permissible, the Servicer shall use its reasonable best efforts to assist the new Servicer in obtaining any such necessary or desirable license or software) to collect the Pool Receivables and the Related Security pursuant to Section 4.1(b), and make the same available to the Administrator or its designee at a place selected by the Administrator, and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections in a manner acceptable to the Administrator and, promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Administrator or its designee.

(b) The Seller hereby authorizes the Administrator, and irrevocably appoints the Administrator as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Seller, which appointment is coupled with an interest, to take any and all steps in the name of the Seller and on behalf of the Seller necessary or desirable, in the determination of the Administrator, to collect any and all amounts or portions thereof due under any and all Pool Assets, including endorsing the name of the Seller on checks and other instruments representing Collections and enforcing such Pool Assets. Notwithstanding anything to the contrary contained in this subsection, none of the powers conferred upon such attorney-in-fact pursuant to the preceding sentence shall subject such attorney-in-fact to any liability if any action taken by it shall prove to be inadequate or invalid except for its own gross negligence or wilful misconduct, nor shall they confer any obligations upon such attorney-in-fact in any manner whatsoever.

Section 4.5. Responsibilities of the Seller. (a) Anything herein to the contrary notwithstanding, the Seller shall pay when due any taxes, including any sales taxes payable in connection with the Pool Receivables and their creation and satisfaction. The Administrator and the Issuer shall not have any obligation or liability with respect to any Pool Asset, nor shall either of them be obligated to perform any of the obligations of the Seller, BAX or an Originator thereunder.

(b) BAX hereby irrevocably agrees that if at any time it shall cease to be the Servicer hereunder, it shall act (if the then-current Servicer so requests and for a reasonable fee for such services as agreed to between BAX and such new Servicer, payable by such new Servicer solely out of the Servicing Fee) as the data-processing agent of the Servicer and, in such capacity, BAX shall conduct the data-processing functions of the administration of the Receivables and the Collections thereon in substantially the same way that BAX conducted such data-processing functions while it acted as the Servicer.

Section 4.6. Servicing Fee. (a) Subject to clause (b), the Servicer shall be paid a fee equal to 0.50% per annum (the "Servicing Fee Rate") of the daily average aggregate Outstanding Balance of the Pool Receivables. The Issuer's Share of such fee shall be paid through the distributions contemplated by Section 1.4(d), and the Seller's Share of such fee shall be paid by the Seller.

(b) If the Servicer ceases to be BAX or an Affiliate thereof, the servicing fee shall be the greater of: (i) the amount calculated pursuant to clause (a), and (ii) an alternative amount specified by the successor Servicer not to exceed 110% of the aggregate reasonable costs and expenses incurred by such successor Servicer in connection with the performance of its obligations as Servicer.

ARTICLE V.
MISCELLANEOUS

Section 5.1. Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Transaction Document, or consent to any departure by the Seller or the Servicer therefrom, shall be effective unless in a writing signed by the Administrator, and, in the case of any amendment, by the other parties thereto; and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such material amendment shall be effective until both Moody's and Standard & Poor's have notified the Servicer and the Administrator in writing that such action will not result in a reduction or withdrawal of the rating of any Notes. No failure on the part of the Issuer or the Administrator to exercise, and no delay in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The Administrator shall provide each Rating Agency with a copy of each amendment to or waiver or consent under this Agreement promptly following the effective date thereof.

Section 5.2. Notices, Etc. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which shall include facsimile communication) and be sent or delivered to each party hereto at its address set forth under its name on the signature pages hereof or at such other address as shall be designated by such party in a written notice to the other parties hereto. Notices and communications by facsimile shall be effective when sent (and shall be followed by hard copy sent by first class mail), and notices and communications sent by other means shall be effective when received.

Section 5.3. Assignability. (a) This Agreement and the Issuer's rights and obligations herein (including ownership of the Purchased Interest or an interest therein) shall be assignable, in whole or in part, by the Issuer and its successors and assigns with the prior written consent of the Seller; provided, however, that such consent shall not be unreasonably withheld; and provided further, that no such consent shall be required if the assignment is made to BNS, any Affiliate of BNS, any Purchaser or other Program Support Provider or any Person that is: (i) in the business of issuing Notes and (ii) associated with or administered by BNS or any Affiliate of BNS. The Administrator shall provide written notice to each Rating Agency of any such assignment by the Issuer pursuant to this Section 5.3(a).

(b) The Issuer may at any time grant to one or more banks or other institutions (each a "Purchaser") party to the Liquidity Agreement, or to any other Program Support Provider, participating interests in the Purchased Interest. In the event of any such grant by the Issuer of a participating interest to a Purchaser or other Program Support Provider, the Issuer shall remain responsible for the performance of its obligations hereunder. The Seller agrees that each Purchaser or other Program Support Provider shall be entitled to the benefits of Sections 1.7 and 1.8. The Seller shall have the right to consent in advance to each Person that becomes a party to the Liquidity Agreement as a Purchaser following the date hereof.

(c) This Agreement and the rights and obligations of the Administrator hereunder shall be assignable, in whole or in part, by the Administrator and its successors and assigns; provided, that unless: (i) such assignment is to an Affiliate of BNS, (ii) it becomes unlawful for BNS to serve as the Administrator or (iii) a Termination Event exists, the Seller has consented in writing, in advance of any such assignment to such assignment, which consent shall not be unreasonably withheld. The Administrator shall provide written notice to each Rating Agency of any such assignment by it pursuant to this Section 5.3(c).

(d) Except as provided in Section 4.1(d), neither the Seller nor the Servicer may assign its rights or delegate its obligations hereunder or any interest herein without the prior written consent of the Administrator.

(e) Without limiting any other rights that may be available under applicable law, the rights of the Issuer may be enforced through it or by its agents.

Section 5.4. Costs, Expenses and Taxes. (a) In addition to the rights of indemnification granted under Section 3.1, the Seller agrees to pay on demand all reasonable costs and expenses in connection with the preparation, execution, delivery and administration (including periodic internal audits by the Administrator of Pool Receivables) of this Agreement, the other Transaction Documents and the other documents and agreements to be delivered hereunder (and all reasonable costs and expenses in connection with any amendment, waiver or modification of any thereof, to the extent such amendment, waiver or modification was requested or required by the Seller, the Servicer, any Originator or any Rating Agency), including: (i) Attorney Costs for the Administrator, the Issuer and their respective Affiliates and agents with respect thereto and with respect to advising the Administrator, the Issuer and their respective Affiliates and agents as to their rights and remedies under this Agreement and the other Transaction Documents, and (ii) all reasonable costs and expenses (including Attorney Costs), if any, of the Administrator, the Issuer and their respective Affiliates and agents in connection with the enforcement of this Agreement and the other Transaction Documents.

(b) In addition, the Seller shall pay on demand any and all stamp and other taxes and fees payable in connection with the execution, delivery, filing and recording of this Agreement or the other documents or agreements to be delivered hereunder, and agrees to save each Indemnified Party harmless from and against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

Section 5.5. No Proceedings; Limitation on Payments. Each of the Seller, the Servicer, the Administrator, each assignee of the Purchased Interest or any interest therein, hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after the latest maturing Note issued by the Issuer is paid in full. The provision of this Section 5.5 shall survive any termination of this Agreement.

Section 5.6. GOVERNING LAW AND JURISDICTION. (a) THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) EXCEPT TO THE EXTENT THAT THE PERFECTION OF A SECURITY INTEREST OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK; AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, THAT IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH SERVICE MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

Section 5.7. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same agreement.

Section 5.8. Survival of Termination. The provisions of Sections 1.7, 1.8, 3.1, 3.2, 5.4, 5.5, 5.6, 5.9, 5.12 and 5.13 shall survive any termination of this Agreement.

Section 5.9. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO WAIVES THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. EACH OF THE PARTIES HERETO AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, EACH OF THE PARTIES HERETO FURTHER AGREES THAT ITS RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING THAT SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

Section 5.10. Entire Agreement. This Agreement and the other Transaction Documents embody the entire agreement and understanding between the parties hereto, and supersede all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

Section 5.11. Headings. The captions and headings of this Agreement and any Exhibit, Schedule or Annex hereto are for convenience of reference only and shall not affect the interpretation hereof or thereof.

Section 5.12. Liabilities. The obligations of the Issuer under the Transaction Documents are solely the corporate obligations of the Issuer and the Seller, as the case may be. Except in their respective separate capacities as parties to any of the Transaction Documents, no recourse shall be had for any obligation or claim arising out of or based upon any Transaction Document against any stockholder, employee, officer, director or incorporator of the Issuer or the Seller, as the case may be; provided, however, that this Section shall not relieve any such Person of any liability it might otherwise have for its own gross negligence or willful misconduct.

Section 5.13. Confidentiality. Unless otherwise required by applicable law, each of the Seller and the Servicer agrees to maintain the confidentiality of this Agreement and the other Transaction Documents (and all drafts thereof) in communications with third parties and otherwise; provided, that this Agreement may be disclosed to: (a) third parties to the extent such disclosure is made pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to the Administrator, and (b) the Seller's legal counsel and auditors if they agree to hold it confidential. Unless otherwise required by applicable law, each of the Administrator and the Issuer agrees to maintain the confidentiality of non-public information regarding The Pittston Company and its Subsidiaries; provided, that such information may be disclosed to: (i) third parties to the extent such disclosure is made pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to The Pittston Company and only for use in connection with this transaction and the commercial paper program of the Issuer, (ii) legal counsel and auditors of the Issuer or the Administrator if they agree to hold it confidential and only for use in connection with this transaction and the commercial paper program of the Issuer, (iii) the rating agencies rating the Notes to the extent such information relates to the Receivables Pool or the transactions contemplated by this Agreement, or if not so related, upon obtaining the prior consent of The Pittston Company (such consent not to be unreasonably withheld), (iv) any Program Support Provider or potential Program Support Provider (if they agree, in a manner and form reasonably acceptable to The Pittston Company, to hold it confidential and to use such information only in connection with its participation in this transaction and the Issuer's commercial paper program) to the extent such information relates to the Receivables Pool or the transactions contemplated by this Agreement, or if not so related, upon obtaining the prior consent of The Pittston Company (such consent not to be unreasonably withheld), (v) any placement agent placing the Notes (if they agree, in a manner and form reasonably acceptable to The Pittston Company, to hold it confidential and to use such information only in connection with its participation in this transaction and the Issuer's commercial paper program) and (vi) any regulatory authorities having jurisdiction over BNS, the Issuer, any Program Support Provider or any Purchaser. The Pittston Company is an intended third-party beneficiary of this Section 5.13.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BAX FUNDING CORPORATION

By: /s/ James B. Hartough

Name: James Hartough
Title: President

Address:

BAX Funding Corporation
16808 Armstrong Avenue
Irvine, California 92713
Attention: Daniel Crowley
Telephone: 949-752-4000
Facsimile: 949-260-2305

with a copy to:

BAX Funding Corporation
c/o The Pittston Company
1801 Bayberry Court
Richmond, Virginia 23226-8100
Attention: James Hartough, President
Telephone: 804-289-9622
Facsimile: 804-289-9760

BAX GLOBAL INC.

By: /s/ James B. Hartough

Name: James Hartough
Title: Treasurer

Address:
BAX Global Inc.
16808 Armstrong Avenue
Irvine, California 92713
Attention: Daniel Crowley, Executive Vice President and Chief Financial Officer
Telephone: 949-752-4000
Facsimile: 949-260-2305

with a copy to:

BAX Global Inc.
c/o The Pittston Company

LIBERTY STREET FUNDING CORP.

By: /s/ Bernard J. Angelo

Name: Bernard J. Angelo

Title: Vice President

Address:

Liberty Street Funding Corp.
c/o Global Securitization
Services, LLC
114 West 47th Street, Suite 1715
New York, New York 10036
Attention: Andrew L. Stidd
Telephone No.: (212) 302-5151
Facsimile No.: (212) 302-8767

With a copy to:

The Bank of Nova Scotia
One Liberty Plaza
New York, New York 10006
Attention: Michael Parker
Telephone No.: (212) 225-5061
Facsimile No.: (212) 225-5090

THE BANK OF NOVA SCOTIA,
as Administrator

By: /s/ J. Alan Edwards

Name: J. Alan Edwards

Title: Managing Director

Address:

The Bank of Nova Scotia
One Liberty Plaza
New York, New York 10006
Attention: Michael Parker
Telephone No.: (212) 225-5061
Facsimile No.: (212) 225-5090

EXHIBIT I
DEFINITIONS

As used in the Agreement (including its Exhibits, Schedules and Annexes), the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined). Unless otherwise indicated, all Section, Annex, Exhibit and Schedule references in this Exhibit are to Sections of and Annexes, Exhibits and Schedules to the Agreement.

"Administration Account" means the account, account number 2158-13 of the Administrator maintained at the office of The Bank of Nova Scotia, or such other account as may be so designated in writing by the Administrator to the Servicer.

"Administrator" has the meaning set forth in the preamble to the Agreement.

"Adverse Claim" means a lien, security interest or other charge or encumbrance, or any other type of preferential arrangement; it being understood that any thereof in favor of the Issuer or the Administrator (for the benefit of the Issuer) shall not constitute an Adverse Claim.

"Affected Person" has the meaning set forth in Section 1.7 of the Agreement.

"Affiliate" means, as to any Person: (a) any Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person, or (b) who is a director or officer: (i) of such Person or (ii) of any Person described in clause (a), except that, with respect to the Issuer, Affiliate shall mean the holder(s) of its capital stock. For purposes of this definition, control of a Person shall mean the power, direct or indirect to direct or cause the direction of the management and policies of such Person, in either case whether by ownership of securities, contract, proxy or otherwise.

"Agreement" has the meaning set forth in the preamble.

"Alternate Rate" for any Yield Period for any Portion of Capital of the Purchased Interest (to the extent such Portion of Capital is not being funded at such time by the issuance of Notes) means an interest rate per annum equal to 1.125% per annum above the Eurodollar Rate for such Yield Period; provided, however, that in the case of:

(i) any Yield Period on or before the first day of which the Administrator shall have been notified by the Issuer, a

Purchaser or any other Program Support Provider that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other Governmental Authority asserts that it is unlawful, for the Issuer, such Purchaser or other Program Support Provider, as applicable, to fund any Portion of Capital based on the Eurodollar Rate (and the Issuer, such Purchaser or other Program Support Provider shall not have subsequently notified the Administrator that such circumstances no longer exist),

(ii) any Yield Period of one to (and including) 29 days,

(iii) any Yield Period as to which the Administrator does not receive notice of a request for funding pursuant to Section 1.2(a) of the Agreement before 2:00 p.m. (New York City time) on the third Business Day preceding the first day of the proposed Yield Period, or

(iv) any Yield Period relating to a Portion of Capital that is less than $1,000,000,

the "Alternate Rate" for each such Yield Period shall be an interest rate per annum equal to the Base Rate in effect on each day of such Yield Period. The "Alternate Rate" for any day while a Termination Event exists shall be an interest rate equal to 2.0% per annum above the Base Rate in effect on such day.

"Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or other external counsel.

"Bankruptcy Code" means the United States Bankruptcy Reform Act of 1978 (11 U.S.C.'SS'101, et seq.), as amended from time to time.

"Base Rate" means, for any day, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the higher of:

(a) the rate of interest in effect for such day as publicly announced from time to time by BNS in New York, New York as its "reference rate". Such "reference rate" is set by BNS based upon various factors, including BNS's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate or

(b) 0.50% per annum above the latest Federal Funds Rate.

"Benefit Plan" means any employee benefit pension plan as defined in Section 3(2) of ERISA in respect of which the Seller, any Originator, BAX or any ERISA Affiliate is, or at any time during the immediately preceding six years was, an "employer" as defined in Section 3(5) of ERISA.

"BNS" has the meaning set forth in the preamble to the Agreement

"Business Day" means any day (other than a Saturday or Sunday) on which: (a) banks are not authorized or required to close in New York City, New York and (b) if this definition of "Business Day" is utilized in connection with the Eurodollar Rate, dealings are carried out in the London interbank market.

"Capital" means the amount paid to the Seller in respect of the Purchased Interest by the Issuer pursuant to the Agreement, as reduced from time to time by Collections distributed and applied on account of such Capital pursuant to Section 1.4(d) of the Agreement; provided, that if such Capital shall have been reduced by any distribution, and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, such Capital shall be increased by the amount of such rescinded or returned distribution as though it had not been made.

"Change in Control" means (a) that BAX ceases to own, directly or indirectly, 100% of the capital stock of the Seller free and clear of all Adverse Claims or (b) that The Pittston Company ceases to own, directly or indirectly, a majority of the capital stock of BAX or any Originator.

"Closing Date" means December 15, 2000.

"Collection Account" means that certain bank account numbered 323181317 maintained at The Chase Manhattan Bank in New York, New York which is (i) identified as the "Liberty Street/BAX Funding Corporation Collection Account", (ii) in the Seller's name, (iii) pledged, on a first-priority basis, to the Issuer pursuant to Section 1.2(d), and (iv) is governed by the Collection Account Agreement.

"Collection Account Agreement" means that certain letter agreement dated as of the date hereof among the Seller, the Servicer, the Administrator and the Collection Account Bank, as the same may be amended, supplemented, amended and restated, or otherwise modified from time to time in accordance with the Agreement.

"Collection Account Bank" means each bank maintaining a Collection Account.

"Collections" means, with respect to any Pool Receivable: (a) all funds that are received by any Originator, BAX, the Seller or the Servicer in payment of any amounts owed in respect of such Receivable (including purchase price, finance charges, interest and all other charges), or applied to amounts owed in respect of such Receivable (including insurance payments and net proceeds of the sale or other disposition of repossessed goods or other collateral or property of the related Obligor or any other Person directly or indirectly liable for the payment of such Pool Receivable and available to be applied thereon), (b) all Deemed Collections and (c) all other proceeds of such Pool Receivable.

"Company Note" has the meaning set forth in Section 3.1 of the Sale Agreement.

"Concentration Percentage" means: (a) for any Group A Obligor, 6%, (b) for any Group B Obligor, 4%, (c) for any Group C Obligor, 3% and (d) for any Group D Obligor, 2%; provided, however, that the Issuer may, with prior written consent from the Administrator, and if the Rating Agency Condition is satisfied, approve higher Concentration Percentages for selected Obligors.

"Concentration Reserve" means, at any time the aggregate Capital at such time multiplied by (a) the Concentration Reserve Percentage divided by (b) 1 minus the Concentration Reserve Percentage at such time.

"Concentration Reserve Percentage" means, at any time, the largest of: (a) the sum of four largest Group D Obligor Percentages, (b) the sum of the two largest Group C Obligor Percentages and (c) the largest Group B Obligor Percentage.

"Contract" means, with respect to any Receivable, any and all contracts, instruments, agreements, leases, invoices, notes or other writings pursuant to which such Receivable arises or that evidence such Receivable or under which an Obligor becomes or is obligated to make payment in respect of such Receivable.

"CP Rate" means, for any Yield Period for any Portion of Capital, the per annum rate equivalent to the weighted average cost (as determined by the Administrator and which shall include commissions of placement agents and dealers, incremental carrying costs incurred with respect to Notes maturing on dates other than those on which corresponding funds are received by the Issuer, other borrowings by the Issuer (other than under any Program Support Agreement) and any other costs associated with the issuance of Notes) of or related to the issuance of Notes that are allocated, in whole or in part, by the Issuer or the Administrator to fund or maintain such Portion of Capital (and which may be also allocated in part to the funding of other assets of the Issuer); provided, however, that if any component of such rate is a discount rate, in calculating the "CP Rate" for such Portion of Capital for such Yield Period, the Issuer shall for such component use the rate resulting from converting such discount rate to an interest bearing equivalent rate per annum. Notwithstanding the foregoing, the "CP Rate" for any day while a Termination Event exists, shall be an interest rate equal to 2% above the Base Rate in effect on such day.

"Credit and Collection Policy" means, as the context may require, those receivables credit and collection policies and practices of each Originator in effect on the date of the Agreement and described in Schedule I to the Agreement, as modified in compliance with the Agreement.

"Days' Sales Outstanding" means, for any calendar month, an amount computed as of the last day of such calendar month equal to: (a) the average of the Outstanding Balance of all Pool Receivables as of the last day of each of the three most recent calendar months ended on the last day of such calendar month divided by (b)(ii) the aggregate amount of new Receivables generated by each Originator during the three calendar months ended on or before the last day of such calendar month divided by (ii) 90.

"Debt" of any Person means, without duplication, the sum of the following determined and calculated in accordance with GAAP: (a) indebtedness for borrowed money, (b) obligations evidenced by bonds, debentures, notes or other similar instruments, (c) obligations to pay the deferred purchase price of property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within six months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (d) the principal portion of all obligations as lessee under leases that shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, and (e) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (a) through (d).

"Deemed Collections" has the meaning set forth in Section 1.4(e)(ii) of the Agreement.

"Default Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each calendar month by dividing: (a) the sum of (i) the aggregate Outstanding Balance of all Pool Receivables that became Defaulted Receivables during such month, by (b) the aggregate credit sales made by the Originators during the month that is three calendar months before such month.

"Defaulted Receivable" means a Receivable:

(a) as to which any payment, or part thereof, remains unpaid for more than 90 days from the Shipping Date for such Receivable, or

(b) without duplication (i) as to which an Event of Bankruptcy shall have occurred with respect to the Obligor thereof or any other Person obligated thereon or owning any Related Security with respect thereto, or (ii) which has been, or, consistent with the Credit and Collection Policy would be, written off the Seller's books as uncollectible.

"Delinquency Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each calendar month by dividing: (a) the aggregate Outstanding Balance of all Pool Receivables that were Delinquent Receivables on such day by (b) the Net Receivables Pool Balance on such day.

"Delinquent Receivable" means a Receivable (other than a Defaulted Receivable) as to which any payment, or part thereof, remains unpaid for more than 60 days from the Shipping Date for such Receivable.

"Dilution Horizon" means, for any calendar month, the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of such calendar month of: (a) the aggregate credit sales made by the Originators during the most recent one calendar month to (b) the aggregate Outstanding Balance of the Eligible Receivables at the last day of the most recent calendar month.

"Dilution Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward), computed as of the last day of each calendar month by dividing: (a) the aggregate amount of payments made or owed by the Seller pursuant to Section 1.4(e)(i) of the Agreement during such calendar month by (b) the aggregate credit sales made by all the Originators during the calendar month that is one month prior to such calendar month.

"Dilution Reserve" means, on any day, an amount equal to: (a) to the extent that The Pittston Company has a long-term senior unsecured debt rating of at least "BBB-" by Standard & Poor's and "Baa3" by Moody's, 0%, or (b) if The Pittston Company does not have the debt rating described in clause (a), above, (i) the Capital at the close of business of the Servicer on such date multiplied by (ii) (A) the Dilution Reserve Percentage on such date, divided by (B) 1 minus the Dilution Reserve Percentage on such date.

"Dilution Reserve Percentage" means on any date, the greater of: (a) 3% and (b) the product of (i) the Dilution Horizon multiplied by (ii) the sum of (x) 2 times the average of the Dilution Ratios for the twelve most recent calendar months and (y) the Spike Factor.

"Discount" means:

(a) for the Portion of Capital for any Yield Period to the extent the Issuer will be funding such Portion of Capital during such Yield Period through the issuance of Notes:

$$CPR \times C \times ED/360 + TF$$

(b) for the Portion of Capital for any Yield Period to the extent the Issuer will not be funding such Portion of Capital during such Yield Period through the issuance of Notes:

$$AR \times C \times ED/Year + TF$$

where:

AR	=	the Alternate Rate for the Portion of Capital for such Yield Period,
C	=	the relevant Portion of Capital during such Yield Period,
CPR	=	the CP Rate for the Portion of Capital,
ED	=	the actual number of days during such Yield Period,
Year	=	if such Portion of Capital is funded based upon: (i) the Eurodollar Rate, 360 days, and (ii) the Base Rate, 365 or 366 days, as applicable, and
TF	=	the Termination Fee, if any, for the Portion of Capital for such Yield Period;

provided, however, that no provision of the Agreement shall require the payment or permit the collection of Discount in excess of the maximum permitted by applicable law; and provided further, that Discount for the Portion of Capital shall not be considered paid by any distribution to the extent that at any time all or a portion of such distribution is rescinded or must otherwise be returned for any reason.

"Eligible Receivable" means, at any time, a Pool Receivable:

(a) the Obligor of which is (i) a United States resident; provided, however, if the Obligor of such Receivable is a resident of a jurisdiction other than the United States (and, solely to the extent that (1) the inclusion of any Receivables of such Obligor in the Net Receivables Pool Balance has been consented to, in writing, by the Administrator prior to such inclusion; it being understood that by signing the Agreement on the date hereof, the Administrator shall, subject to the concentration limitation set forth in this proviso and the remaining requirements of this parenthetical, be deemed to have consented in writing for purposes of this parenthetical, to the inclusion of Receivables in the Net Receivables Pool Balance, the Obligors of which are residents of either Mexico or Canada and (2) the Administrator has received reasonably satisfactory evidence that the Contract relating to any such Receivable does not prohibit, restrict or otherwise require the consent of the related Obligor in order for the Originator thereof to freely assign such Receivable as contemplated by the Transaction Documents), the aggregate Outstanding Balance of all Pool Receivables of such Obligor that are Eligible Receivables when added to the aggregate Outstanding Balance of all other Eligible Receivables of Obligors that are not residents of the United States, shall not exceed 10% of the aggregate outstanding balance of all Eligible Receivables (not counting any otherwise Eligible Receivables the Obligors of which are not residents of the United States) at such time, (ii) not a government or a governmental subdivision, affiliate or agency; provided, however, if the Obligor of such Receivable is a government or a governmental subdivision, affiliate or agency, the aggregate Outstanding Balance of all Pool Receivables of such Obligor that are Eligible Receivables when added to the aggregate Outstanding Balance of all other Eligible Receivables of Obligors that are governments or a governmental subdivisions, affiliates or agencies shall not exceed 5% of the aggregate outstanding balance of all Eligible Receivables (not counting any otherwise Eligible Receivables the Obligors of which are not governments or a governmental subdivisions, affiliates or agencies) at such time, (iii) not subject to any action of the type described in paragraph (f) of Exhibit V to the Agreement and (iv) not an Affiliate of BAX or any Affiliate of BAX,

(b) that is denominated and payable only in U.S. dollars in the United States,

(c) that does not have a stated maturity which is more than 45 days after the Shipping Date of such Receivable; provided, however, that the aggregate Outstanding Balance of all Receivables that have payment terms that are greater than

15 days after the Shipping Date for such Receivable, shall not exceed 10% of the aggregate outstanding balance of all Eligible Receivables (not counting any otherwise Eligible Receivables with payment terms greater than 15 days after the Shipping Date thereof),

(d) that arises under a duly authorized Contract for the sale and delivery of goods and services in the ordinary course of each Originator's business,

(e) that arises under a duly authorized Contract that is in full force and effect and that is a legal, valid and binding obligation of the related Obligor, enforceable against such Obligor in accordance with its terms,

(f) that conforms in all material respects with all applicable laws, rulings and regulations in effect,

(g) that is not the subject of any asserted dispute, offset, hold back defense, Adverse Claim or other claim,

(h) that satisfies all applicable requirements of the applicable Credit and Collection Policy,

(i) that has not been modified, waived or restructured since its creation, except as permitted pursuant to Section 4.2 of the Agreement,

(j) in which the Seller owns good and marketable title, free and clear of any Adverse Claims, and that is freely assignable by the Seller,

(k) for which the Issuer shall have a valid and enforceable undivided percentage ownership or security interest, to the extent of the Purchased Interest, and a valid and enforceable first priority perfected security interest therein and in the Related Security and Collections with respect thereto, in each case free and clear of any Adverse Claim,

(l) that constitutes an account as defined in the UCC, and that is not evidenced by instruments or chattel paper,

(m) that is not a Defaulted Receivable,

(n) for which neither the Originator thereof, the Seller nor the Servicer has established any offset arrangements with the related Obligor,

(o) for which Defaulted Receivables of the related Obligors identified on the Monthly Report do not exceed 40% of the Outstanding Balance of all such Obligor's Receivables,

(p) that represents amounts earned and payable by the Obligor that are not subject to the performance of additional services by the Originator thereof, and

(q) the obligation with respect to which represents all or part of the sales price of merchandise, insurance or services within the meaning of Section 3(c)(5) of the Investment Company Act of 1940, as amended.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

"ERISA Affiliate" means: (a) any corporation that is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Internal Revenue Code) as the Seller, any Originator or BAX, (b) a trade or business (whether or not incorporated) under common control (within the meaning of Section 414(c) of the Internal Revenue Code) with the Seller, any Originator or BAX, or (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Internal Revenue Code) as the Seller, any Originator, any corporation described in clause (a) or any trade or business described in clause (b).

"ERISA Notice" means any of the following notices: (i) any unfavorable determination letter from the Internal Revenue Service regarding the qualification of a Benefit Plan under Section 401(a) of the Code (along with a copy thereof) which would have a Material Adverse Effect, (ii) all notices received by the Servicer or its Affiliates or any ERISA Affiliate of the Pension Benefit Guaranty Corporation's intent to terminate any pension plan or to have a trustee appointed to administer any pension plan, (iii) all notices received by any of the Servicer or its Affiliates or any ERISA Affiliate from a multiemployer plan sponsor concerning the imposition or amount of withdrawal liability pursuant to Section 4202 of ERISA which would have a Material Adverse Effect, (iv) the Servicer or its Affiliates obtaining knowledge or reason to know that the Servicer or its Affiliates or any ERISA Affiliate has filed or intends to file a notice of intent to terminate any pension plan under a distress termination within the meaning of Section 4041(c) of ERISA, and (v) the occurrence of a Reportable Event (within the meaning of Section 4043 of ERISA), unless notice of any such Reportable Event has been waived by regulation.

"Eurodollar Rate" means, for any Yield Period, an interest rate per annum (rounded upward to the nearest 1/16th of 1%) determined pursuant to the following formula:

$$\frac{\text{LIBOR}}{100\% - \text{Eurodollar Rate Reserve Percentage}}$$

where "Eurodollar Rate Reserve Percentage" means, for any Yield Period, the maximum reserve percentage (expressed as a decimal, rounded upward to the nearest 1/100th of 1%) in effect on the date LIBOR for such Yield Period is determined under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to "Eurocurrency" funding (currently referred to as "Eurocurrency liabilities") having a term comparable to such Yield Period.

"Event of Bankruptcy" means (a) any case, action or proceeding before any court or other governmental authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors or (b) any general assignment for the benefit of creditors of a Person, composition, marshalling of assets for creditors of a Person, or other similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each of cases (a) and (b) undertaken under U.S. Federal, state or foreign law, including the U.S. Bankruptcy Code.

"Excess Concentration" means the sum of the amounts by which the Outstanding Balance of Eligible Receivables of each Obligor then in the Receivables Pool exceeds an amount equal to: (a) the Concentration Percentage for such Obligor multiplied by (b) the Outstanding Balance of all Eligible Receivables then in the Receivables Pool.

"Facility Termination Date" means the earliest to occur of: (a) December 15, 2005,(b) the date determined pursuant to Section 2.2 of the Agreement, (c) the date the Purchase Limit reduces to zero pursuant to Section 1.1(b) of the Agreement and (d) the date that the commitments of all Purchasers terminate under the Liquidity Agreement.

"Federal Funds Rate" means, for any day, the per annum rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, "H.15(519)") for such day opposite the caption "Federal Funds (Effective)." If on any relevant day such rate is not yet published in H.15(519), the rate for such day will be the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, the "Composite 3:30 p.m. Quotations") for such day under the caption "Federal Funds Effective Rate." If on any relevant day the appropriate rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such day will be the arithmetic mean as determined by the Administrator of the rates for the last transaction in overnight Federal funds arranged before 9:00 a.m. (New York time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrator.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

"Fee Letter" has the meaning set forth in Section 1.5 of the Agreement.

"Fees" means the fees payable by the Seller to the Issuer (or the Administrator on behalf of the Issuer) pursuant to the Fee Letter.

"GAAP" means, subject to the provisions set forth in Section 1.10 of the Agreement, generally accepted accounting principles in the United States, as recognized by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board, consistently applied and maintained on a consistent basis throughout the period indicated.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any court, and any Person owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Group A Obligor" means any Obligor with a short-term rating of at least: (a) "A-1" by Standard & Poor's, or if such Obligor does not have a short-term rating from Standard & Poor's, a rating of "A+" or better by Standard & Poor's on its long-term senior unsecured and uncredit-enhanced debt securities, and (b) "P-1" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "A1" or better by Moody's on its long-term senior unsecured and uncredit-enhanced debt securities.

"Group B Obligor" means an Obligor, not a Group A Obligor, with a short-term rating of at least: (a) "A-2" by Standard & Poor's, or if such Obligor does not have a short-term rating from Standard & Poor's, a rating of "BBB+" to "A" by Standard & Poor's on its long-term senior unsecured and uncredit-enhanced debt securities, and (b) "P-2" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "Baa1" to "A2" by Moody's on its long-term senior unsecured and uncredit-enhanced debt securities.

"Group B Obligor Percentage" means, at any time, for each Group B Obligor, the percentage equivalent of: (a) the aggregate Outstanding Balance of the Eligible Receivables of such Group B Obligor less any Excess Concentrations of such Obligor, divided by (b) the aggregate Outstanding Balance of all Eligible Receivables at such time.

"Group C Obligor" means an Obligor, not a Group A Obligor or Group B Obligor, with a short-term rating of at least: (a) "A-3" by Standard & Poor's, or if such Obligor does not have a short-term rating from Standard & Poor's, a rating of "BBB-" to "BBB" by Standard & Poor's on its long-term senior unsecured and uncredit-enhanced debt securities, and (b) "P-3" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "Baa3" to "Baa2" by Moody's on its long-term senior unsecured and uncredit-enhanced debt securities.

"Group C Obligor Percentage" means, at any time, for each Group C Obligor, the percentage equivalent of: (a) the aggregate Outstanding Balance of the Eligible Receivables of such Group C Obligor less any Excess Concentrations of such Obligor, divided by (b) the aggregate Outstanding Balance of all Eligible Receivables at such time.

"Group D Obligor" means any Obligor that is not a Group A Obligor, Group B Obligor or Group C Obligor.

"Group D Obligor Percentage" means, at any time, for each Group D Obligor: (a) the aggregate Outstanding Balance of the Eligible Receivables of such Group D Obligor less any Excess Concentrations of such Obligor, divided by (b) the aggregate Outstanding Balance of all Eligible Receivables at such time.

"Indemnified Amounts" has the meaning set forth in Section 3.1 of the Agreement.

"Indemnified Party" has the meaning set forth in Section 3.1 of the Agreement.

"Independent Director" has the meaning set forth in paragraph 3(c) of Exhibit IV to the Agreement.

"Insolvency Proceeding" means: (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in each case undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of the InternalRevenue Code also refer to any successor sections.

"Issuer" has the meaning set forth in the preamble to the Agreement.

"Issuer's Share" of any amount means such amount multiplied by the Purchased Interest at the time of determination.

"LIBOR" means the rate of interest per annum determined by the Administrator to be the arithmetic mean (rounded upward to the nearest 1/16th of 1%) of the rates of interest per annum notified to the Administrator by the Reference Bank as the rate of interest at which dollar deposits in the approximate amount of the Portion of Capital to be funded at the Eurodollar Rate during such Yield Period would be offered by major banks in the London interbank market to such Reference Bank at its request at or about 11:00 a.m. (London time) on the second Business Day before the commencement of such Yield Period.

"Liquidity Agent" means BNS in its capacity as the Liquidity Agent pursuant to the Liquidity Agreement.

"Liquidity Agreement" means the Liquidity Asset Purchase Agreement, dated as of December 15, 2000 between the Purchasers from time to time party thereto, the Issuer and BNS, as Administrator and Liquidity Agent, as the same may be further amended, supplemented or otherwise modified from time to time.

"Lock-Box Account" means an account maintained at a bank or other financial institution for the purpose of receiving Collections.

"Lock-Box Agreement" means an agreement, in form and substance satisfactory to the Administrator, among the Seller, the Servicer, the Administrator and a Lock-Box Bank.

"Lock-Box Bank" means any of the banks or other financial institutions holding one or more Lock-Box Accounts.

"Loss Reserve" means, on any date, an amount equal to (a) the Capital at the close of business of the Servicer on such date multiplied by (b)(i) the Loss Reserve Percentage on such date divided by (ii) 1 minus the Loss Reserve Percentage on such date.

"Loss Reserve Percentage" means, on any date, the greater of: (a) 12% and (b) (i) the product of (x) 2 times the highest average of the Default Ratios for any three consecutive calendar months during the twelve most recent calendar months multiplied by (y) the sum of the aggregate credit sales made during the two most recent calendar months, plus one-half of the aggregate credit sales made during the third most recent calendar months divided by (ii) the Net Receivables Pool Balance on such date.

"Loss-to-Liquidation Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each calendar month by dividing: (a) the aggregate Outstanding Balance of all Pool Receivables that were written off the Seller's books as uncollectible during such month, by (b) the aggregate amount of Collections (other than Deemed Collections) received during such month.

"Material Adverse Effect" means, relative to any Person with respect to any event or circumstance, a material adverse effect on:

(a) the assets, financial condition or results of operations of any such Person taken as a whole that would impair its ability to perform its obligations under the Agreement or any other Transaction Document to which it is a party,

(b) the rights or remedies of the Seller, Issuer or Administrator under the Agreement or any other Transaction Document,

(c) the validity or enforceability of any other Transaction Document, or the validity, enforceability or collectibility of the Pool Receivables, or

(d) the status, perfection, enforceability or priority of the Issuer's or the Seller's interest in the Pool Assets.

"Monthly Report" means a report, in substantially the form of Annex A to the Agreement, furnished to the Administrator pursuant to the Agreement.

"Monthly Settlement Date" means the first Business Day of each calendar month.

"Moody's" means Moody's Investors Service, Inc.

"Net Receivables Pool Balance" means, at any time: (a) the Outstanding Balance of Eligible Receivables then in the Receivables Pool minus (b) the Excess Concentration.

"Notes" means short-term promissory notes issued, or to be issued, by the Issuer to fund its investments in accounts receivable or other financial assets.

"Obligor" means, with respect to any Receivable, the Person obligated to make payments pursuant to the Contract relating to such Receivable other than an agent or Affiliate of the related Originator.

"Originator" has the meaning set forth in the Sale Agreement.

"Originator Assignment Certificate" means each assignment, in substantially the form of Exhibit C to the Sale Agreement, evidencing Seller's ownership of the Receivables generated by each Originator, as the same may be amended, supplemented, amended and restated, or otherwise modified from time to time in accordance with the Sale Agreement.

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"Payment Date" has the meaning set forth in Section 2.1 of the Sale Agreement.

"Permitted Investments" means certificates of deposit that are not represented by instruments, have a maturity of one week or less and are issued by the Collection Account Bank (with respect to the investment of funds in the Collection Account) or The Bank of Nova Scotia; provided, however, that the Administrator (on behalf of Issuer) may, from time to time, upon seven Business Days' prior written notice to Servicer, remove from the scope of "Permitted Investments" certificates of deposit of any such bank(s) and specify to be within such scope, certificates of deposit of any other bank.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"Pool Assets" has the meaning set forth in Section 1.2(d) of the Agreement.

"Pool Receivable" means a Receivable in the Receivables Pool.

"Portion of Capital" means, at any time, any portion of the Capital being funded or maintained by the Issuer by reference to a particular interest rate basis. In addition, at any time when the Capital of the Purchased Interest is not divided into two or more portions, "Portion of Capital" means 100% of the Capital.

"Program Support Agreement" means and includes the Liquidity Agreement and any other agreement entered into by any Program Support Provider providing for: (a) the issuance of one or more letters of credit for the account of the Issuer, (b) the issuance of one or more surety bonds for which the Issuer is obligated to reimburse the applicable Program Support Provider for any drawings thereunder, (c) the sale by the Issuer to any Program Support Provider of the Purchased Interest (or portions thereof) and/or (d) the making of loans and/or other extensions of credit to the Issuer in connection with the Issuer's Receivables-securitization program contemplated in the Agreement, together with any letter of credit, surety bond or other instrument issued thereunder (but excluding any discretionary advance facility provided by the Administrator).

"Program Support Provider" means and includes any Purchaser and any other Person (other than any customer of the Issuer) now or hereafter extending credit or having a commitment to extend credit to or for the account of, or to make purchases from, the Issuer pursuant to any Program Support Agreement.

"Purchase and Sale Indemnified Amounts" has the meaning set forth in Section 9.1 of the Sale Agreement.

"Purchase and Sale Indemnified Party" has the meaning set forth in Section 9.1 of the Sale Agreement.

"Purchase and Sale Termination Date" has the meaning set forth in Section 1.4 of the Sale Agreement.

"Purchase and Sale Termination Event" has the meaning set forth in Section 8.1 of the Sale Agreement.

"Purchase Facility" has the meaning set forth in Section 1.1 of the Sale Agreement.

"Purchase Limit" means $90,000,000, as such amount may be reduced pursuant to Section 1.1(b) of the Agreement. References to the unused portion of the Purchase Limit shall mean, at any time, the Purchase Limit minus the then outstanding Capital.

"Purchase Price" has the meaning set forth in Section 2.1 of the Sale Agreement.

"Purchase Report" has the meaning set forth in Section 2.1 of the Sale Agreement.

"Purchased Interest" means, at any time, the undivided percentage ownership interest in: (a) each and every Pool Receivable now existing or hereafter arising, (b) all Related Security with respect to such Pool Receivables and (c) all Collections with respect to, and other proceeds of, such Pool Receivables and Related Security. Such undivided percentage interest shall be computed as:

$$\frac{\text{Capital + Total Reserves}}{\text{Net Receivables Pool Balance}}$$

The Purchased Interest shall be determined from time to time pursuant to Section 1.3 of the Agreement.

"Purchaser" has the meaning set forth in Section 5.3(b) of the Agreement.

"Rating Agency" means each of Moody's, Standard & Poor's and any other nationally recognized rating agency then rating the Issuer's Notes.

"Rating Agency Condition" means, with respect to any event or occurrence, receipt by the Issuer of written confirmation from Standard & Poor's and Moody's that such event or occurrence shall not cause the rating on the then outstanding Notes to be downgraded or withdrawn.

"Receivable" means any indebtedness and other obligations owed to any Originator or the Seller or any right of the Seller or such Originator to payment from or on behalf of an Obligor, whether constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods or the rendering of services by such Originator or Seller, and includes, without limitation, the obligation to pay any finance charges, fees and other charges with respect thereto. Indebtedness and other obligations arising from any one transaction, including, without limitation, indebtedness and other obligations represented by an individual invoice or agreement, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other obligations arising from any other transaction.

"Receivables Pool" means, at any time, all of the then outstanding Receivables purchased or purported to be purchased by the Seller or contributed to the Seller pursuant to the Sale Agreement prior to the Facility Termination Date.

"Reference Bank" means BNS.

"Related Rights" has the meaning set forth in Section 1.1 of the Sale Agreement.

"Related Security" means, with respect to any Receivable:

(a) all of the Seller's and each Originator's interest in any goods (including returned goods), and documentation of title evidencing the shipment or storage of any goods (including returned goods), relating to any sale giving rise to such Receivable,

(b) all instruments and chattel paper that may evidence such Receivable,

(c) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all UCC financing statements or similar filings relating thereto, and

(d) all of the Seller's and each Originator's rights, interests and claims under the Contracts and all guaranties, indemnities, insurance and other agreements (including the related Contract) or arrangements of whatever character from time to time supporting or securing payment of such Receivable or otherwise relating to such Receivable, whether pursuant to the Contract related to such Receivable or otherwise.

"Responsible Officer" shall mean, with respect to any Person, the chairman, the chief executive officer, the chief financial officer, the president, the controller, the secretary, the treasurer, or any other officer or designee of such Person customarily performing functions similar to those performed by any of the above-designated officers and also, with respect to a particular matter any other officer or designee to whom such matter is referred because of such officer's or designee's knowledge of and familiarity with the particular subject.

"Sale Agreement" means the Purchase and Sale Agreement, dated as of December 15, 2000, between the Seller and the Originators that are or become a party thereto pursuant to the terms thereof, as such agreement may be amended, amended and restated, supplemented or otherwise modified from time to time.

"Seller" has the meaning set forth in the preamble to the Agreement.

"Seller's Share" of any amount means the greater of: (a) $0 and (b) such amount minus the Issuer's Share.

"Servicer" has the meaning set forth in the preamble to the Agreement.

"Servicing Fee" shall mean the fee referred to in Section 4.6 of the Agreement.

"Servicing Fee Rate" shall mean the rate referred to in Section 4.6 of the Agreement.

"Servicing Fee Reserve" for the purchased interest at any time means the sum of (a) the then accrued and unpaid Servicing Fee relating to the Purchased Interest plus (b) the product of (i) the Outstanding Balance of Pool Receivables at such time, times (ii) the product of (x) the Servicing Fee Rate multiplied by (y) a fraction, the numerator of which is 1.5 times the Days' Sales Outstanding (calculated on the last day of the most recent preceding calendar month) and the denominator of which is 360.

"Settlement Date" means (a) with respect to any Portion of Capital, the last day of the Yield Period for such Portion of Capital and (b) with respect to any fees payable under the Agreement, the Monthly Settlement Date.

"Shipping Date" means, with respect to any Receivable, the date on which the goods and/or services pursuant to which such Receivable arose, are shipped by the applicable Originator thereof.

"Solvent" means, with respect to any Person at any time, a condition under which:

(i) the fair value and present fair saleable value of such Person's total assets is, on the date of determination, greater than such Person's total liabilities (including contingent and unliquidated liabilities) at such time;

(ii) the fair value and present fair saleable value of such Person's assets is greater than the amount that will be required to pay such Person's probable liability on its existing debts as they become absolute and matured ("debts," for this purpose, includes all legal liabilities, whether matured or unmatured, liquidated or unliquidated, absolute, fixed, or contingent);

(iii) such Person is and shall continue to be able to pay all of its liabilities as such liabilities mature; and

(iv) such Person does not have unreasonably small capital with which to engage in its current and in its anticipated business.

For purposes of this definition:

(A) the amount of a Person's contingent or unliquidated liabilities at any time shall be that amount which, in light of all the facts and circumstances then existing, represents the amount which can reasonably be expected to become an actual or matured liability;

(B) the "fair value" of an asset shall be the amount which may be realized within a reasonable time either through collection or sale of such asset at its regular market value;

(C) the "regular market value" of an asset shall be the amount which a capable and diligent business person could obtain for such asset from an interested buyer who is willing to Purchase such asset under ordinary selling conditions; and

(D) the "present fair saleable value" of an asset means the amount which can be obtained if such asset is sold with reasonable promptness in an arm's-length transaction in an existing and not theoretical market.

"Spike Factor" means, for any calendar month, the positive difference, if any, between: (a) the highest Dilution Ratio for any calendar month during the twelve most recent calendar months and (b) the arithmetic average of the Dilution Ratios for such twelve months.

"Standard & Poor's" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"Subsidiary" means, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock of each class or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) to elect a majority of the Board of Directors or other managers of such entity are at the time owned, or management of which is otherwise controlled: (a) by such Person, (b) by one or more Subsidiaries of such Person or (c) by such Person and one or more Subsidiaries of such Person.

"Termination Day" means: (a) each day on which the conditions set forth in Section 2 of Exhibit II to the Agreement are not satisfied or (b) each day that occurs on or after the Facility Termination Date.

"Termination Event" has the meaning specified in Exhibit V to the Agreement.

"Termination Fee" means, for any Yield Period, the amount, if any, by which: (a) the additional Discount (calculated without taking into account any Termination Fee or any shortened duration of such Yield Period pursuant to the definition thereof) that would have accrued during such Yield Period on the reductions of Capital relating to such Yield Period had such reductions not been made, exceeds (b) the income, if any, received by the Issuer from investing the proceeds of such reductions of Capital, as determined by the Administrator, which determination shall be binding and conclusive for all purposes, absent manifest error.

"Total Reserves" means, at any time the sum of : (a) the Yield Reserve, plus (b) Servicing Fee Reserve, plus (c) the greater of (i) the sum of (A) the Loss Reserve plus (B) the Dilution Reserve and (ii) the Concentration Reserve.

"Transaction Documents" means the Agreement, the Lock-Box Agreement(s), the Collection Account Agreement, the Fee Letter, the Sale Agreement and all other certificates, instruments, UCC financing statements, reports, notices, agreements and documents executed or delivered under or in connection with the Agreement, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with the Agreement.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction.

"Unmatured Purchase and Sale Termination Event" means any event which, with the giving of notice or lapse of time, or both, would become a Purchase and Sale Termination Event.

"Unmatured Termination Event" means an event that, with the giving of notice or lapse of time, or both, would constitute a Termination Event.

"Yield Period" means, with respect to each Portion of Capital: (a) with respect to any Portion of Capital funded by the issuance of Notes, (i) initially the period commencing on (and including) the date of the initial purchase or funding of such Portion of Capital and ending on (and including) the last day of the current calendar month, and (ii) thereafter, each period commencing on (and including) the first day after the last day of the immediately preceding Yield Period for such Portion of Capital and ending on (and including) the last day of the current calendar month; and (b) with respect to any Portion of Capital not funded by the issuance of Notes, (i) initially the period commencing on (and including) the date of the initial purchase or funding of such Portion of Capital and ending such number of days (including a period of one day) as the Administrator shall select, and (ii) thereafter, each period commencing on the last day of the immediately preceding Yield Period and ending on such number of days (including a period of one day) as the Administrator shall select; provided, that

(i) any Yield Period (other than of one day) which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day; provided, however, if Discount in respect of such Yield Period is computed by reference to the Eurodollar Rate, and such Yield Period would otherwise end on a day which is not a Business Day, and there is no subsequent Business Day in the same calendar month as such day, such Yield Period shall end on the next preceding Business Day;

(ii) in the case of any Yield Period of one day, (A) if such Yield Period is the initial Yield Period for a purchase hereunder (other than a reinvestment), such Yield Period shall be the day of such purchase; (B) any subsequently occurring Yield Period which is one day shall, if the immediately preceding Yield Period is more than one day, be the last day of such immediately preceding Yield Period, and, if the immediately preceding Yield Period is one day, be the day next following such immediately preceding Yield Period; and (C) if such Yield Period occurs on a day immediately preceding a day which is not a Business Day, such Yield Period shall be extended to the next succeeding Business Day; and

(iii) in the case of any Yield Period for any Portion of Capital which commences before the Facility Termination Date and would otherwise end on a date occurring after the Facility Termination Date, such Yield Period shall end on such Facility Termination Date and the duration of each Yield Period which commences on or after the Facility Termination Date shall be of such duration as shall be selected by the Administrator.

"Yield Reserve" means, at any time:

$$\left(BR \times \frac{1.5(DSO)}{360} \times \text{Capital} \right)$$

where:

BR = the Base Rate in effect at such time, and

DSO = Days' Sales Outstanding.

Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9. Unless the context otherwise requires, "or" means "and/or," and "including" (and with correlative meaning "include" and "includes") means including without limiting the generality of any description preceding such term.

EXHIBIT II
CONDITIONS OF PURCHASES

1. Conditions Precedent to Initial Purchase. The Initial Purchase under this Agreement is subject to the following conditions precedent that the Administrator shall have received on or before the date of such purchase, each in form and substance (including the date thereof) satisfactory to the Administrator:

(a) A counterpart of the Agreement and the other Transaction Documents executed by the parties thereto.

(b) Certified copies of: (i) the resolutions of the Board of Directors of each of the Seller, the Originators and BAX authorizing the execution, delivery and performance by the Seller, each Originator and BAX, as the case may be, of the Agreement and the other Transaction Documents to which it is a party; (ii) all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to the Agreement and the other Transaction Documents and (iii) the certificate of incorporation and by-laws of the Seller, each Originator and BAX.

(c) A certificate of the Secretary or Assistant Secretary of the Seller, each Originator and BAX certifying the names and true signatures of its officers who are authorized to sign the Agreement and the other Transaction Documents. Until the Administrator receives a subsequent incumbency certificate from the Seller, each Originator or BAX, as the case may be, the Administrator shall be entitled to rely on the last such certificate delivered to it by the Seller, such Originator or BAX, as the case may be.

(d) Acknowledgment copies, or time stamped receipt copies, of proper financing statements, duly filed on or before the date of such initial purchase under the UCC of all jurisdictions that the Administrator may deem necessary or desirable in order to perfect the interests of the Seller and the Issuer contemplated by the Agreement and the Sale Agreement.

(e) Acknowledgment copies, or time-stamped receipt copies, of proper financing statements, if any, necessary to release all security interests and other rights of any Person in the Receivables, Contracts or Related Security previously granted by any Originator or the Seller.

(f) Completed UCC search reports, dated on or shortly before the date of the initial purchase hereunder, listing the financing statements filed in all applicable jurisdictions referred to in subsection (e) above that name any Originator or the Seller as debtor, together with copies of such other financing statements, and similar search reports with respect to judgment liens, federal tax liens and liens of the Pension Benefit Guaranty Corporation in such jurisdictions, as the Administrator may request, showing no Adverse Claims on any Pool Assets.

(g) within 45 days of the initial purchase under the Agreement, copies of the executed (i) Lock-Box Agreements with each Lock-Box Bank and (ii) the Collection Account Agreement with the Collection Account Bank.

(h) Favorable opinions, in form and substance reasonably satisfactory to the Administrator, of (i) general counsel for Seller, Servicer and each Originator with respect to various corporate matters and (ii) Hunton & Williams, as special counsel to the Seller, Servicer and each Originator with respect to various corporate, UCC and bankruptcy matters as requested by the Administrator.

(i) Satisfactory results of a review (performed by representatives of the Administrator) of the Servicer's collection, operating and reporting systems, the Credit and Collection Policy of each Originator, historical receivables data and accounts, including satisfactory results of a review of the Servicer's operating location(s) and satisfactory review and approval of the Eligible Receivables in existence on the date of the initial purchase under the Agreement.

(j) A pro forma Monthly Report representing the performance of the Receivables Pool for the calendar month before closing.

(k) Evidence of payment by the Seller of all accrued and unpaid fees (including those contemplated by the Fee Letter), costs and expenses to the extent then due and payable on the date thereof, including any such costs, fees and expenses arising under or referenced in Section 5.4 of the Agreement and the Fee Letter.

(l) The Fee Letter duly executed by the Seller and the Servicer.

(m) Good standing certificates with respect to each of the Seller, the Originators and the Servicer issued by the Secretary of State (or similar official) of the state of each such Person's organization and principal place of business.

(n) Letters from each of the rating agencies then rating the Notes confirming the rating of such Notes after giving effect to the transaction contemplated by the Agreement.

(o) The Liquidity Agreement duly executed by the parties thereto.

(p) A file (computer generated or otherwise) containing all information with respect to the Receivables as the Administrator or the Issuer may reasonably request.

(q) Such other approvals, opinions or documents as the Administrator or the Issuer may reasonably request.

2. Conditions Precedent to All Purchases and Reinvestments. Each purchase (including the initial purchase) and each reinvestment shall be subject to the further conditions precedent that:

(a) in the case of each purchase, the Servicer shall have delivered to the Administrator on or before such purchase, in form and substance satisfactory to the Administrator, a completed pro forma Monthly Report to reflect the level of Capital and related reserves after such subsequent purchase; and

(b) on the date of such purchase or reinvestment the following statements shall be true (and acceptance of the proceeds of such purchase or reinvestment shall be deemed a representation and warranty by the Seller that such statements are then true):

(i) the representations and warranties contained in Exhibit III to the Agreement are true and correct in all material respects on and as of the date of such purchase or reinvestment as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such purchase or reinvestment, that constitutes a Termination Event or an Unmatured Termination Event; and

(iii) the Purchased Interest does not exceed 100%.

EXHIBIT III
REPRESENTATIONS AND WARRANTIES

1. Representations and Warranties of the Seller. The Seller represents and warrants as follows:

(a) The Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California, and is duly qualified to do business and is in good standing as a foreign corporation in every jurisdiction where the nature of its business requires it to be so qualified, except where the failure to be so qualified would not have a Material Adverse Effect.

(b) The execution, delivery and performance by the Seller of the Agreement and the other Transaction Documents to which it is a party, including its use of the proceeds of purchases and reinvestments: (i) are within its corporate powers; (ii) have been duly authorized by all necessary corporate action; (iii) do not contravene or result in a default under or conflict with: (A) its charter or by-laws, (B) any law, rule or regulation applicable to it, (C) any material indenture, loan agreement, mortgage, deed of trust or other agreement or instrument to which it is a party or by which it is bound, or (D) any order, writ, judgment, award, injunction or decree binding on or affecting it or any of its property; and (iv) do not result in or require the creation of any Adverse Claim upon or with respect to any of its properties pursuant to the terms of any material indenture, loan agreement, mortgage, deed of trust or other agreement or instrument, other than the UCC filings referred to in Exhibit II to the Agreement. The Agreement and the other Transaction Documents to which it is a party have been duly executed and delivered by the Seller.

(c) No authorization, license, approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery and performance by the Seller of the Agreement or any other Transaction Document to which it is a party, other than the UCC filings referred to in Exhibit II to the Agreement, all of which shall have been filed on or before the date of the first purchase hereunder.

(d) Each of the Agreement and the other Transaction Documents to which the Seller is a party constitutes its legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

(e) There is no pending or, to Seller's best knowledge, threatened action or proceeding affecting Seller or any of its properties before any Governmental Authority or arbitrator which would be reasonably likely to have a Material Adverse Effect.

(f) No proceeds of any purchase or reinvestment will be used by the Seller to acquire any equity security of a class that is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

(g) The Seller is the legal and beneficial owner of the Pool Receivables and Related Security, free and clear of any Adverse Claim. Upon each purchase or reinvestment, the Issuer shall acquire a valid and enforceable perfected undivided percentage ownership or security interest, to the extent of the Purchased Interest, in each Pool Receivable then existing or thereafter arising and in the Related Security, Collections and other proceeds with respect thereto, free and clear of any Adverse Claim. The Agreement creates a security interest in favor of the Issuer in the Pool Assets, and the Issuer has a first priority perfected security interest in the Pool Assets, free and clear of any Adverse Claims. No effective financing statement or other instrument similar in effect covering any Pool Asset is on file in any recording office, except those filed in favor of the Seller pursuant to the Sale Agreement and the Issuer relating to the Agreement.

(h) Each Monthly Report (if prepared by the Seller or one of its Affiliates on its behalf, or to the extent that information contained therein is supplied by the Seller or an Affiliate), information, exhibit, financial statement, document, book, record or report furnished or to be furnished at any time by a Responsible Officer of the Seller to the Administrator in connection with the Agreement or any other Transaction Document to which it is a party is or will be complete and accurate in all material respects as of its date or as of the date so furnished.

(i) The Seller's principal place of business and chief executive office (as such terms are used in the UCC) and the office where it keeps its records concerning the Receivables are located at the address referred to in Section 1(b) of Exhibit IV to the Agreement.

(j) The names and addresses of all the Lock-Box Banks, together with the account numbers of the Lock-Box Accounts at such Lock-Box Banks, are specified in Schedule II to the Agreement (or at such other Lock-Box Banks and/or with such other Lock-Box Accounts as have been notified to the Administrator in accordance with the Agreement) and all Lock-Box Accounts are subject to Lock-Box Agreements.

(k) The Seller is not in violation of any order of any court, arbitrator or Governmental Authority binding on or affecting it or any of its properties which would be reasonably likely to have a Material Adverse Effect.

(l) No proceeds of any purchase or reinvestment will be used by the Seller for any purpose that violates any applicable law, rule or regulation, including Regulations T, U or X of the Federal Reserve Board.

(m) Each Pool Receivable included as an Eligible Receivable in the calculation of the Net Receivables Pool Balance is an Eligible Receivable.

(n) No event has occurred and is continuing, or would result from a purchase in respect of, or reinvestment in respect of, the Purchased Interest or from the application by the Seller of the proceeds therefrom, that constitutes a Termination Event or an Unmatured Termination Event.

(o) The Seller has complied in all material respects with the Credit and Collection Policy of each Originator with regard to each Receivable originated by such Originator.

(p) The Seller has complied in all material respects with all of the terms, covenants and agreements contained in the Agreement and the other Transaction Documents that are applicable to it.

(q) The Seller's complete corporate name is set forth in the preamble to the Agreement, and it does not use and has not during the last five years used any other corporate name, trade name, doing-business name or fictitious name, except as set forth on Schedule III to the Agreement and except for names first used after the date of the Agreement and set forth in a notice delivered to the Administrator pursuant to Section 1(k)(iv) of Exhibit IV to the Agreement.

(r) The Seller is not an "investment company," or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended. In addition, the Seller is not a "holding company," a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(s) Each Pool Receivable, which has at any time been included in the Net Receivables Pool Balance, of an Obligor, which is not a resident of the United States, is not (and shall not at any time be) subject to any currency controls imposed by any Governmental Authority under the laws of which such Obligor is organized or a political subdivision thereof, which currency controls restrict the ability of such Obligor to pay its obligations in connection with such Pool Receivable.

2. Representations and Warranties of the Servicer. The Servicer, represents and warrants as follows:

(a) The Servicer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of its organization, and is duly qualified to do business and is in good standing as a foreign corporation in every jurisdiction where the nature of its business requires it to be so qualified, except where the failure to be so qualified would not have a Material Adverse Effect.

(b) The execution, delivery and performance by the Servicer of the Agreement and the other Transaction Documents to which it is a party, including the Servicer's use of the proceeds of purchases and reinvestments: (i) are within its corporate powers; (ii) have been duly authorized by all necessary corporate action; (iii) do not contravene or result in a default under or conflict with: (A) its charter or by-laws, (B) any law, rule or regulation applicable to it, (C) any material indenture, loan agreement, mortgage, deed of trust or other material agreement or instrument to which it is a party or by which it is bound, or (D) any order, writ, judgment, award, injunction or decree binding on or affecting it or any of its property; and (iv) do not result in or require the creation of any Adverse Claim upon or with respect to any of its properties pursuant to the terms of any material indenture, loan agreement, mortgage, deed of trust or other material agreement or instrument. The Agreement and the other Transaction Documents to which the Servicer is a party have been duly executed and delivered by the Servicer.

(c) No authorization, license, approval or other action by, and no notice to or filing with any Governmental Authority or other Person, is required for the due execution, delivery and performance by the Servicer of the Agreement or any other Transaction Document to which it is a party that would have a Material Adverse Effect.

(d) Each of the Agreement and the other Transaction Documents to which the Servicer is a party constitutes the legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

(e) The consolidated balance sheets of The Pittston Company and its Subsidiaries at December 31, 1999, and the related consolidated statements of operations, cash flows, and shareholders' equity and other comprehensive income for the fiscal year then ended, copies of which have been furnished to the Administrator, fairly present the consolidated financial condition of The Pittston Company and its Subsidiaries at such date and the consolidated results of the operations of The Pittston Company and its Subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied, and since December 31, 1999 there has been no event or circumstances which have had a Material Adverse Effect.

(f) Except as disclosed in the most recent audited financial statements of The Pittston Company furnished to the Administrator, there is no pending or, to the knowledge of a Responsible Officer of The Pittston Company or the Servicer, threatened action or proceeding affecting it or any of its Subsidiaries before any Governmental Authority or arbitrator that would have a Material Adverse Effect.

(g) Each Monthly Report (if prepared by the Servicer or one of its Affiliates on its behalf, or to the extent that information contained therein is supplied by the Servicer or an Affiliate), information, exhibit, financial statement, document, book, record or report furnished or to be furnished at any time by a Responsible Officer of the Servicer to the Administrator in connection with the Agreement is or will be complete and accurate in all material respects as of its date or (except as otherwise disclosed to the Administrator at such time) as of the date so furnished.

(h) The Servicer is not in violation of any order of any court, arbitrator or Governmental Authority binding or affecting it or any of its properties, which violation would have a Material Adverse Effect.

(i) The Servicer has complied in all material respects with the Credit and Collection Policy of each Originator with regard to each Receivable originated by such Originator.

EXHIBIT IV
COVENANTS

1. Covenants of the Seller. Until the latest of the Facility Termination Date, the date on which no Capital of or Discount in respect of the Purchased Interest shall be outstanding or the date all other amounts owed by the Seller under the Agreement to the Issuer, the Administrator and any other Indemnified Party or Affected Person shall be paid in full:

(a) Compliance with Laws, Etc. The Seller shall comply in all material respects with all applicable laws, rules, regulations and orders, and preserve and maintain its corporate existence, rights, franchises, qualifications and privileges, except to the extent that the failure so to comply with such laws, rules and regulations or the failure so to preserve and maintain such rights, franchises, qualifications and privileges would not have a Material Adverse Effect.

(b) Offices, Records and Books of Account, Etc. The Seller: (i) shall keep its principal place of business and chief executive office (as such terms or similar terms are used in the UCC) and the office where it keeps its records concerning the Receivables at the address of the Seller set forth under its name on the signature page to the Agreement or, pursuant to clause (k)(iv) of this Section 1 below, at any other locations in jurisdictions where all actions reasonably requested by the Administrator to protect and perfect the interest of the Issuer in the Receivables and related items (including the Pool Assets) have been taken and completed and (ii) shall provide the Administrator with at least 30 days' prior written notice before making any change in the Seller's name or making any other change in the Seller's identity or corporate structure (including a Change in Control) that could render any UCC financing statement filed in connection with this Agreement "seriously misleading" as such term (or similar term) is used in the UCC; each notice to the Administrator pursuant to this sentence shall set forth the applicable change and the effective date thereof. The Seller also will maintain and implement (or cause the Servicer to maintain and implement) administrative and operating procedures (including an ability to recreate records evidencing Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain (or cause the Servicer to keep and maintain) all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Receivables (including records adequate to permit the daily identification of each Receivable and all Collections of and adjustments to each existing Receivable).

(c) Performance and Compliance with Contracts and Credit and Collection Policy. The Seller shall (and shall cause the Servicer to) fully comply in all material respects with the applicable Credit and Collection Policies with regard to each Receivable and the related Contract.

(d) Ownership Interest, Etc. The Seller shall (and shall cause the Servicer to), at its expense, take all action necessary or desirable to establish and maintain a valid and enforceable undivided percentage ownership or security interest, to the extent of the Purchased Interest, in the Pool Receivables, the Related Security and Collections with respect thereto, and a first priority perfected security interest in the Pool Assets, in each case free and clear of any Adverse Claim, in favor of the Issuer, including taking such action to perfect, protect or more fully evidence the interest of the Issuer as the Issuer, through the Administrator, may reasonably request.

(e) Sales, Liens, Etc. The Seller shall not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, any or all of its right, title or interest in, to or under any Pool Assets (including the Seller's undivided interest in any Receivable, Related Security or Collections, or upon or with respect to any account to which any Collections of any Receivables are sent), or assign any right to receive income in respect of any items contemplated by this paragraph.

(f) Extension or Amendment of Receivables. Except as provided in the Agreement, the Seller shall not, and shall not permit the Servicer to, extend the maturity or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable, or amend, modify or waive any term or condition of any related Contract.

(g) Change in Credit and Collection Policy. The Seller shall not make (or permit any Originator to make) any material change in the character of its business or in any Credit and Collection Policy, or any change in any Credit and Collection Policy that would adversely affect the collectibility of the Receivables Pool or the enforceability of any related Contract or the ability of the Seller or Servicer to perform its obligations under any related Contract or under the Agreement.

(h) Audits. (i) The Seller shall (and shall cause each Originator to)(a) prior to the occurrence of a Termination Event or an Unmatured Termination Event, from time to time (but no more frequently than annually) during regular business hours as reasonably requested in advance by the Administrator or (b) at any time on and after the occurrence and continuance of a Termination Event or an Unmatured Termination Event or, if in the opinion of the Administrator reasonable grounds for insecurity exist with respect to the collectibility of the Pool Receivables or with respect to the Seller's performance or ability to perform its obligations under the Agreement, permit the Administrator, or its agents or representatives: (A) to examine and make copies of and abstracts from all books, records and documents (including computer tapes and disks) in the possession or under the control of the Seller (or any Originator) relating to Receivables and the Related Security, including the related Contracts, and (B) to visit the offices and properties of the Seller and each Originator for the purpose of examining such materials described in clause (i)(A) above, and to discuss matters relating to Receivables and the Related Security or the Seller's, the Servicer's or such Originator's performance under the Transaction Documents or under the Contracts with any of the officers, employees, agents or contractors of the Seller, the Servicer or such Originator having knowledge of such matters; and (ii) without limiting the provisions of clause (i) next above, from time to time during regular business hours, upon five Business Days prior written notice from the Administrator, permit certified public accountants or other auditors acceptable to the Administrator to conduct a review of the Seller's or any Originator's books and records, at the Seller's or such Originator's expense (as the case may be), with respect to the Receivables. Each of the parties hereto hereby agrees that (x) in the absence of a Termination Event or an Unmatured Termination Event, audits of the type described in clause (ii) of this paragraph (h) shall be conducted only as reasonably necessary, as determined in the sole discretion of the Administrator, and all reasonable costs and expenses of any such audit, examination or review performed or otherwise prepared pursuant to this paragraph (h) shall be paid by the Seller and (y) each party receiving information with respect to this paragraph (h) shall be subject to the standard of confidentiality provided for such information as set forth in Section 5.13 of the Agreement.

(i) Change in Lock-Box Banks, Lock-Box Accounts and Payment Instructions to Obligors. The Seller shall not, and shall not permit the Servicer or any Originator to, (x) add or terminate any bank as a Lock-Box Bank or any account as a Lock-Box Account from those listed in Schedule II to the Agreement, or make any change in its instructions to Obligors regarding payments to be made to the Seller, such Originator, the Servicer or any Lock-Box Account (or related post office box), or (y) add or terminate any bank as the Collection Account Bank or any account as the Collection Account unless, in either case, the Administrator shall have received copies of all agreements and documents (including Lock-Box Agreements and/or a Collection Account Agreement, as applicable) that it may request in connection therewith.

(j) Deposits to Lock-Box Accounts. The Seller shall (or shall cause the Servicer to): (i) instruct all Obligors to make payments of all Receivables (or cause all payments on Receivables to be made) to one or more Lock-Box Accounts or to post office boxes to which only Lock-Box Banks have access (and shall instruct the Lock-Box Banks to cause all items and amounts relating to such Receivables received in such post office boxes to be removed and deposited into a Lock-Box Account on a daily basis), and (ii) deposit, or cause to be deposited, any Collections received by it, the Servicer or any Originator into Lock-Box Accounts not later than one Business Day after receipt thereof. Each Lock-Box Account and the Collection Account shall at all times be subject to a Lock-Box Agreement and a Collection Account Agreement, as applicable. The Seller will not (and will not permit the Servicer to) deposit or otherwise credit, or cause or permit to be so deposited or credited, to any Lock-Box Account or the Collection Account cash or cash proceeds other than Collections.

(k) Reporting Requirements. The Seller will provide to the Administrator (in multiple copies, if requested by the Administrator) the following:

(i) as soon as available and in any event within 120 days after the end of each fiscal year of the Seller, a copy of unaudited financial statements of the Seller for such year certified as to accuracy by a financial officer, treasurer or accounting officer of the Seller;

(ii) as soon as possible and in any event within five Business Days after the occurrence of each Termination Event or Unmatured Termination Event, a statement of the chief financial officer of the Seller setting forth details of such Termination Event or Unmatured Termination Event and the action that the Seller has taken and proposes to take with respect thereto;

(iii) promptly after the filing or receiving thereof, copies of all reports and notices that the Seller or any Affiliate files under ERISA with the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U.S. Department of Labor or that the Seller or any Affiliate receives from any of the foregoing or from any multiemployer plan (within the meaning of Section 4001(a)(3) of ERISA) to which the Seller or any of its Affiliates is or was, within the preceding five years, a contributing employer, in each case in respect of the assessment of withdrawal liability or an event or condition that could, in the aggregate, result in the imposition of liability on the Seller and/or any such Affiliate;

(iv) at least fifteen days before any change in the Seller's name or any other change requiring the amendment of UCC financing statements, a notice setting forth such changes and the effective date thereof;

(v) promptly after the Seller obtains knowledge thereof, notice of any: (A) material litigation, investigation or proceeding that may exist at any time between the Seller and any Person which would reasonably be expected to have a Material Adverse Effect or (B) material litigation or proceeding relating to any Transaction Document;

(vi) promptly after the occurrence thereof, notice of a material adverse change in the business, operations, property or financial or other condition of the Seller, the Servicer or any Originator which (a) in the case of the Seller, would reasonably be expected to have a Material Adverse Effect and (b) in the case of the Servicer or any Originator, would have a Material Adverse Effect; and

(vii) such other information respecting the Receivables or the condition or operations, financial or otherwise, of the Seller or any of its Affiliates as the Administrator may from time to time reasonably request.

(l) Certain Agreements. Without the prior written consent of the Administrator, the Seller will not (and will not permit any Originator to) amend, modify, waive, revoke or terminate any Transaction Document to which it is a party or any provision of Seller's certificate of incorporation or by-laws.

(m) Restricted Payments. (i) Except pursuant to clause (ii) below, the Seller will not: (A) purchase or redeem any shares of its capital stock, (B) declare or pay any dividend or set aside any funds for any such purpose, (C) prepay, purchase or redeem any Debt, (D) lend or advance any funds or (E) repay any loans or advances to, for or from any of its Affiliates (the amounts described in clauses (A) through (E) being referred to as "Restricted Payments").

(ii) Subject to the limitations set forth in clause (iii) below, the Seller may make Restricted Payments so long as such Restricted Payments are made only in one or more of the following ways: (A) the Seller may make cash payments (including prepayments) on the Company Notes in accordance with its terms, and (B) if no amounts are then outstanding under the Company Notes, the Seller may declare and pay dividends.

(iii) The Seller may make Restricted Payments only out of the funds it receives pursuant to Sections 1.4(b)(ii) and (iv) of the Agreement. Furthermore, the Seller shall not pay, make or declare: (A) any dividend if, after giving effect thereto, the Seller's tangible net worth would be less than $1,500,000, or (B) any Restricted Payment (including any dividend) if, after giving effect thereto, any Termination Event or

Unmatured Termination Event shall have occurred and be continuing.

(n) Other Business. The Seller will not: (i) engage in any business other than the transactions contemplated by the Transaction Documents; (ii) create, incur or permit to exist any Debt of any kind (or cause or permit to be issued for its account any letters of credit or bankers' acceptances) other than pursuant to this Agreement or the Company Notes; or (iii) form any Subsidiary or make any investments in any other Person; provided, however, that the Seller shall be permitted to incur minimal obligations to the extent necessary for the day-to-day operations of the Seller (such as expenses for stationery, audits, maintenance of legal status, etc.).

(o) Use of Seller's Share of Collections. The Seller shall apply the Seller's Share of Collections to make payments in the following order of priority: (i) the payment of its expenses (including all obligations payable to the Issuer, the Servicer and the Administrator under the Agreement and under the Fee Letter); (ii) the payment of accrued and unpaid interest on the Company Notes; and (iii) other legal and valid corporate purposes.

(p) Tangible Net Worth. The Seller will not permit its tangible net worth, at any time, to be less than $1,500,000.

2. Covenants of the Servicer. Until the latest of the Facility Termination Date, the date on which no Capital of or Discount in respect of the Purchased Interest shall be outstanding or the date all other amounts owed by the Seller under the Agreement to the Issuer, the Administrator and any other Indemnified Party or Affected Person shall be paid in full:

(a) Compliance with Laws, Etc. The Servicer and, to the extent that it ceases to be the Servicer, BAX shall comply (and shall cause each Originator to comply) in all material respects with all applicable laws, rules, regulations and orders, and preserve and maintain its corporate existence, rights, franchises, qualifications and privileges, except to the extent that the failure so to comply with such laws, rules and regulations or the failure so to preserve and maintain such existence, rights, franchises, qualifications and privileges would not have a Material Adverse Effect.

(b) Records and Books of Account, Etc. The Servicer and, to the extent that it ceases to be the Servicer, BAX, also will (and will cause each Originator to) maintain and implement administrative and operating procedures (including an ability to recreate records evidencing Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Receivables (including records adequate to permit the daily identification of each Receivable and all Collections of and adjustments to each existing Receivable).

(c) Change in Credit and Collection Policy. The Servicer and, to the extent that it ceases to be the Servicer, BAX, shall not make (and shall not permit any Originator to make) any change in the character of its business or in any Credit and Collection Policy, or any change in any Credit and Collection Policy that would have a Material Adverse Effect on the collectibility of the Receivables Pool or the enforceability of any related Contract or the ability of the Seller or Servicer to perform its obligations under any related Contract or under the Agreement.

(d) Audits. (i) The Servicer and, to the extent that it ceases to be the Servicer, BAX, shall (and shall cause each Originator to)(a) prior to the occurrence and continuance of a Termination Event or an Unmatured Termination Event, from time to time (but no more frequently than annually) during regular business hours as reasonably requested in advance by the Administrator or (b) at any time on and after the occurrence of a Termination Event or an Unmatured Termination Event or, if in the opinion of the Administrator reasonable grounds for insecurity exist with respect to the collectibility of the Pool Receivables or with respect to the Servicer's performance or ability to perform its obligations under the Agreement, permit the Administrator, or its agents or representatives: (A) to examine and make copies of and abstracts from all books, records and documents (including computer tapes and disks) in its possession or under its control relating to Receivables and the Related Security, including the related Contracts, and (B) to visit its offices and properties for the purpose of examining such materials described in clause (i)(A) above, and to discuss matters relating to Receivables and the Related Security or its performance hereunder or under the Contracts with any of its officers, employees, agents or contractors having knowledge of such matters; and (ii) without limiting the provisions of clause (i) next above, from time to time during regular business hours, upon five Business Days prior written notice from the Administrator, permit certified public accountants or other auditors acceptable to the Administrator to conduct, at Servicer's expense, a review of the Servicer's books and records with respect to the Receivables. Each of the parties hereto hereby agrees that (x) in the absence of a Termination Event or an Unmatured Termination Event, audits of the type described in clause (ii) of this paragraph (d) shall be conducted only as reasonably necessary, as determined in the sole discretion of the Administrator, and all reasonable costs and expenses of any such audit, examination or review performed or otherwise prepared pursuant to this paragraph (d) shall be paid by the Servicer and (y) each party receiving information with respect to this paragraph

(d) shall be subject to the standard of confidentiality provided for such information as set forth in Section 5.13 of the Agreement.

(e) Deposits to Lock-Box Accounts. The Servicer shall: (i) instruct all Obligors to make payments of all Receivables (or cause all payments on Receivables to be made) to one or more Lock-Box Accounts or to post office boxes to which only Lock-Box Banks have access (and shall instruct the Lock-Box Banks to cause all items and amounts relating to such Receivables received in such post office boxes to be removed and deposited into a Lock-Box Account on a daily basis); and (ii) deposit, or cause to be deposited, any Collections received by it into Lock-Box Accounts not later than one Business Day after receipt thereof. Each Lock-Box Account and the Collection Account shall at all times be subject to a Lock-Box Agreement and a Collection Account Agreement, as applicable. The Servicer will not deposit or otherwise credit, or cause or permit to be so deposited or credited, to any Lock-Box Account or the Collection Account cash or cash proceeds other than Collections.

(f) Reporting Requirements. The Servicer shall provide to the Administrator (in multiple copies, if requested by the Administrator) the following:

(i) As soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of The Pittston Company, (a) copies of the unaudited consolidated balance sheet of The Pittston Company and its Subsidiaries at the end of such quarter, together with unaudited statements of operations and cash flows for such quarter and the portion of the fiscal year through such quarter, prepared in accordance with GAAP (except for the omission of notes and subject to year-end adjustments) and certified by a financial officer, treasurer or an accounting officer of The Pittston Company, (b) a letter from a financial officer, treasurer or an accounting officer of the Servicer certifying to the best knowledge of such officer, that neither a Termination Event nor an Unmatured Termination Event has occurred and is continuing;

(ii) As soon as available and in any event within 120 days after the end of each fiscal year of the Servicer, (a) a copy of the consolidated balance sheet of The Pittston Company and its Subsidiaries at the end of such fiscal year, together with the related statements of operations, cash flows, and shareholders' equity and other comprehensive income for such fiscal year, each prepared in accordance with GAAP applied consistently throughout the periods reflected therein, and (b) a letter from a financial officer, treasurer or an accounting officer of the Servicer certifying to the best knowledge of such officer, that neither a Termination Event nor an Unmatured Termination Event has occurred and is continuing, in each case as at the end of each such fiscal year and the date of delivery of such letter;

(iii) as soon as available and in any event not later than the tenth Business Day after the last day of each calendar month, a Monthly Report as of the last day of such month or, within five Business Days of a request by the Administrator, a Monthly Report for such periods as is specified by the Administrator (including on a semi-monthly, weekly or daily basis);

(iv) promptly after the sending or filing thereof, copies of all reports that the Servicer sends to any of its security holders, and copies of all reports and registration statements that the Servicer or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange;

(v) promptly after the filing or receiving thereof, copies of any ERISA Notices that the Servicer or any of its Affiliates files or that such Person or any of its Affiliates receives from any of the foregoing or from any multiemployer plan (within the meaning of Section 4001(a)(3) of ERISA) to which such Person or any of its Affiliate is or was, within the preceding five years, a contributing employer, in each case in respect of the assessment of withdrawal liability or an event or condition that could, in the aggregate, result in the imposition of liability on the Servicer and/or any such Affiliate;

(vi) promptly after the Servicer obtains knowledge thereof, notice of: (A) the commencement of any proceedings by or before any Governmental Authority and all actions and proceedings in any court or before any arbitrator against the Servicer or any of its Subsidiaries which would have a Material Adverse Effect; or (B) litigation or proceeding relating to any Transaction Document;

(vii) As soon as available and in any event within 120 days after the end of each fiscal year of Servicer beginning with the fiscal year ending December 31, 2001, the Servicer shall, at the Servicer's expense, cause a firm of independent public accountants acceptable to the Administrator, to furnish a report to the Administrator, setting forth the results of agreed-upon procedures performed by the accountants for such fiscal year. The agreed-upon procedures will include the following: (i) a comparison and reconciliation of the information contained in a sample of three of the Monthly Reports delivered during such fiscal year with the information contained in the Servicer's records and computer systems for such periods, (ii) a recalculation or verification of the Net Receivables Pool Balance as of the end of each Yield Period as reflected in the three Monthly Reports sampled in (i) above, (iii) determining, through inquiry and examination of supporting documentation for a sample of invoices, that the treatment of the Receivables by the Servicer as Eligible Receivables meets the definition thereof contained in Exhibit I of the Agreement, and (iv) procedures to support the validity, accuracy, and aging of the Receivables as reflected in the Servicer's records, using a scope consistent with that employed by the accountants to enable them to express an opinion on the consolidated financial statements of The Pittston Company. The Servicer shall not be required to cause such independent public accountants to furnish such report following the Facility Termination Date or any Termination Event where the Issuer and the Administrator have received all Collections and all other amounts due under the Agreement; and

(viii) such other information in respect of the Receivables or the condition or operations, financial or otherwise, of BAX or any of its Affiliates as the Administrator may from time to time reasonably request.

3. Separate Existence. The Seller hereby acknowledges that the Purchasers, the Issuer and the Administrator are entering into the transactions contemplated by this Agreement and the other Transaction Documents in reliance upon the Seller's identity as a legal entity separate from its Affiliates or any other Person. Therefore, from and after the date hereof, the Seller shall take all steps specifically required by the Agreement or reasonably required by the Administrator to continue the Seller's identity as a separate legal entity and to make it apparent to third Persons that the Seller is an entity with assets and liabilities distinct from those of any other Person, and is not a division of BAX, its Affiliates or any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, the Seller shall take such actions as shall be required in order that:

(a) The Seller will be a limited purpose corporation whose primary activities are restricted in its articles of incorporation to: (i) purchasing or otherwise acquiring from the Originators, owning, holding, granting security interests or selling interests in Pool Assets, (ii) entering into agreements for the selling and servicing of the Receivables Pool, and (iii) conducting such other activities as it deems necessary or appropriate to carry out its primary activities;

(b) The Seller shall not engage in any business or activity, or incur any indebtedness or liability, other than as expressly permitted by the Transaction Documents;

(c) At least one member of the Seller's Board of Directors (the "Independent Director") shall be an individual who is not a direct, indirect or beneficial stockholder, officer, director, employee, affiliate, associate or supplier of BAX or any of its Affiliates. The articles of incorporation of the Seller shall provide that: (i) the Seller's Board of Directors shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Seller unless the Independent Director shall approve the taking of such action in writing before the taking of such action, and (ii) such provision cannot be amended without the prior written consent of the Independent Director;

(d) The Independent Director shall not at any time serve as a trustee in bankruptcy for the Seller, BAX or any Affiliate thereof;

(e) Any employee, consultant or agent of the Seller will be compensated from the Seller's funds for services provided to the Seller. The Seller will not engage any agents other than its attorneys, auditors and other professionals, and a servicer and any other agent contemplated by the Transaction Documents for the Receivables Pool, which servicer will be fully compensated for its services by payment of the Servicing Fee, and a manager, which manager will be fully compensated from the Seller's funds;

(f) The Seller will contract with the Servicer to perform for the Seller all operations required on a daily basis to service the Receivables Pool. The Seller will pay the Servicer the Servicing Fee pursuant hereto. The Seller will not incur any material indirect or overhead expenses for items shared with BAX (or any other Affiliate thereof) that are not reflected in the Servicing Fee. To the extent, if any, that the Seller (or any Affiliate thereof) shares items of expenses not reflected in the Servicing Fee or the manager's fee, such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered; it being understood that BAX shall pay all expenses relating to the preparation, negotiation, execution and delivery of the Transaction Documents, including legal, rating agency and other fees;

(g) The Seller's operating expenses will not be paid by BAX or any other Affiliate thereof;

(h) All of the Seller's business correspondence and other communications shall be conducted in the Seller's own name and on its own separate stationery;

(i) The Seller's books and records will be maintained separately from those of BAX and any other Affiliate thereof;

(j) All financial statements of BAX or any Affiliate thereof that are consolidated to include Seller will contain a disclosure describing this transaction that will indicate that (i) all of the Seller's assets are owned by the Seller and (ii) the Seller is a separate entity with creditors who have interests in the Seller's assets.

(k) The Seller's assets will be maintained in a manner that facilitates their identification and segregation from those of BAX or any Affiliate thereof;

(l) The Seller will strictly observe corporate formalities in its dealings with BAX or any Affiliate thereof, and funds or other assets of the Seller will not be commingled with those of BAX or any Affiliate thereof except as permitted by the Agreement in connection with servicing the Pool Receivables. The Seller shall not maintain joint bank accounts or other depository accounts to which BAX or any Affiliate thereof (other than BAX in its capacity as the Servicer) has independent access. The Seller is not named, and has not entered into any agreement to be named, directly or indirectly, as a direct or contingent beneficiary or loss payee on any insurance policy with respect to any loss relating to the property of BAX or any Subsidiary or other Affiliate of BAX. The Seller will pay to the appropriate Affiliate the marginal increase or, in the absence of such increase, the market amount of its portion of the premium payable with respect to any insurance policy that covers the Seller and such Affiliate; and

(m) The Seller will maintain arm's-length relationships with BAX (and any Affiliate thereof). Any Person that renders or otherwise furnishes services to the Seller will be compensated by the Seller at market rates for such services it renders or otherwise furnishes to the Seller. Neither the Seller nor BAX will be or will hold itself out to be responsible for the debts of the other or the decisions or actions respecting the daily business and affairs of the other. The Seller and BAX will immediately correct any known misrepresentation with respect to the foregoing, and they will not operate or purport to operate as an integrated single economic unit with respect to each other or in their dealing with any other entity.

(n) BAX shall not pay the salaries of Seller's employees, if any.

EXHIBIT V
TERMINATION EVENTS

Each of the following shall be a "Termination Event":

(a)(i) the Seller, any Originator or the Servicer shall fail to make when due any payment or deposit to be made by it under the Agreement or (ii) except as otherwise specifically provided in this Exhibit V, the Seller, any Originator or the Servicer shall fail to perform or observe any other term, covenant or agreement under the Agreement or any other Transaction Document and such failure shall continue unremedied for a period of 30 days;

(b) The Servicer shall fail to transfer to any successor Servicer when required any rights pursuant to the Agreement that such Servicer then has as Servicer;

(c) any representation or warranty made or deemed made by the Seller, the Servicer or any Originator (or any of their respective officers) under or in connection with the Agreement or any other Transaction Document, or any information or report delivered by any Responsible Officer of the Seller, the Servicer or such Originator pursuant to the Agreement or any other Transaction Document, shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered;

(d) the Seller or the Servicer shall fail to deliver the Monthly Report pursuant to the Agreement, and such failure shall remain unremedied for five days;

(e) the Agreement or any purchase or reinvestment pursuant to the Agreement shall for any reason: (i) cease to create, or the Purchased Interest shall for any reason cease to be, a valid and enforceable perfected undivided percentage ownership or security interest to the extent of the Purchased Interest in each Pool Receivable, the Related Security and Collections with respect thereto, free and clear of any Adverse Claim, or (ii) cease to create with respect to the Pool Assets, or the interest of the Issuer with respect to such Pool Assets shall cease to be, a valid and enforceable first priority perfected security interest, free and clear of any Adverse Claim;

(f) the Seller, the Servicer (and, if BAX is not then the Servicer, BAX) or any Originator shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Seller, the Servicer (and if BAX is not then the Servicer, BAX) or any Originator seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or the entry of an order granting the requested relief shall be entered; or the Seller, the Servicer (and if BAX is not then the Servicer, BAX) or any Originator shall take any corporate action to authorize any of the actions set forth above in this paragraph;

(g)(i)(A) the Default Ratio shall exceed 9%, (B) the Delinquency Ratio shall exceed 14%, (C) the Dilution Ratio shall exceed 6% or (D) the Loss-to-Liquidation Ratio shall exceed 1.5% or (ii) the average for three consecutive calendar months of: (A) the Default Ratio shall exceed 7.5% or (B) the Delinquency Ratio shall exceed 11%, (C) the Dilution Ratio shall exceed 4.5% or (D) the Loss-to-Liquidation Ratio shall exceed 1.0%.

(h) a Change in Control shall occur,

(i) at any time, the Purchased Interest shall exceed 100%,

(j) any acceleration of any of the obligations of The Pittston Company or any of its subsidiaries arising under that certain Credit Agreement dated as of October 3, 2000 (as amended, supplemented or otherwise modified from time to time), among The Pittston Company, certain of its Subsidiaries, the lenders named therein and Bank of America, National Association, as administrative agent;

(k) either: (i) a contribution failure shall occur with respect to any Benefit Plan sufficient to give rise to a lien under Section 302(f) of ERISA, (ii) the Internal Revenue Service shall file a notice of lien asserting a claim pursuant to the Internal Revenue Code with regard to any of the assets of Seller, any Originator, the Servicer (and, if BAX is not then the Servicer, BAX) or any ERISA Affiliate, or (iii) the Pension Benefit Guaranty Corporation shall file a notice of lien asserting a claim pursuant to ERISA with regard to any assets of the Seller, such Originator, (and, if BAX is not then the Servicer, BAX) or any ERISA Affiliate.

PURCHASE AND SALE AGREEMENT

Dated as of December 15, 2000

among

THE ORIGINATORS NAMED HEREIN

BAX FUNDING CORPORATION

and

BAX GLOBAL INC.
as the initial Servicer

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SCHEDULES

EXHIBITS

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (as amended, supplemented or modified from time to time, this "Agreement"), dated as of December 15, 2000, is among BAX GLOBAL INC. ("BAX"), a Delaware corporation, as initial Servicer (in such capacity, the "Servicer") and as an Originator (BAX, and together with each of the other Person that from time to time becomes an Originator pursuant to Section 4.3 hereof, collectively, the "Originators" and each, individually, an "Originator") and BAX FUNDING CORPORATION, a California corporation (the "Company"), as purchaser and contributee.

Definitions

Unless otherwise indicated, certain terms that are capitalized and used throughout this Agreement are defined in Exhibit I to the Receivables Purchase Agreement of even date herewith (as amended, supplemented or otherwise modified from time to time, the "Receivables Purchase Agreement"), among the Company, BAX, as initial Servicer, LIBERTY STREET FUNDING CORP. (the "Issuer"), and THE BANK OF NOVA SCOTIA, as Administrator (together with its successors and assigns, the "Administrator").

Background

1. The Company is a special purpose corporation, all of the capital stock of which is wholly-owned by BAX.

2. In order to finance their respective businesses, the Originators wish to sell certain Receivables and Related Rights from time to time to the Company, and the Company is willing, on the terms and subject to the conditions set forth herein, to purchase such Receivables and Related Rights from such Originators.

3. The Company intends to sell to Issuer an undivided variable percentage interest in its Receivables and Related Rights pursuant to the Receivables Purchase Agreement in order to finance its purchases of certain Receivables and Related Rights hereunder.

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

ARTICLE I

AGREEMENT TO PURCHASE AND SELL

1.1. Agreement to Purchase and Sell. On the terms and subject to the conditions set forth in this Agreement (including Article IV), and in consideration of the Purchase Price, each Originator agrees to sell to the Company, and does hereby sell to the Company, and the Company agrees to purchase from such Originator, and does hereby purchase from such Originator, without recourse and without regard to collectibility, all of such Originator's right, title and interest in and to:

(a) each Receivable of such Originator that existed and was owing to such Originator as of the close of such Originator's business on December 15, 2000 (the "Closing Date") (other than the Receivables and Related Rights contributed by BAX to the Company pursuant to Section 3.1 (the "Contributed Receivables"));

(b) each Receivable created or originated by such Originator from the close of such Originator's business on the Closing Date to and including the Purchase and Sale Termination Date;

(c) all rights to, but not the obligations under, all Related Security;

(d) all monies due or to become due with respect to any of the foregoing;

(e) all books and records related to any of the foregoing; and

(f) all proceeds thereof (as defined in the applicable UCC) received on or after the date hereof including, without limitation, all funds which either are received by such Originator, the Company or the Servicer from or on behalf of the Obligors in payment of any amounts owed (including, without limitation, finance charges, interest and all other charges) in respect of Receivables, or are applied to such amounts owed by the Obligors (including, without limitation, insurance payments, if any, that such Originator or the Servicer (if other than Originator) applies in the ordinary course of its business to amounts owed in respect of any Receivable).

All purchases and contributions hereunder shall be made without recourse, but shall be made pursuant to and in reliance upon the representations, warranties and covenants of each Originator set forth in this Agreement and each other Transaction Document. The Company's foregoing commitment to purchase such Receivables and the proceeds and rights described in subsections (c) through (f) of this Section 1.1 (collectively, the "Related Rights") is herein called the "Purchase Facility."

1.2. Timing of Purchases.

(a) Closing Date Purchases. Each Originator's entire right, title and interest in (i) each Receivable that existed and was owing to Originator as of the close of such Originator's business on the Closing Date, (other than the Contributed Receivables), and (ii) all Related Rights with respect thereto shall be deemed to have been sold to the Company on the Closing Date.

(b) Regular Purchases. After the Closing Date, each Receivable created or originated by each Originator and described in Section 1.1(b) hereof and all Related Rights shall be purchased and owned by the Company (without any further action) upon the creation or origination of such Receivable.

(c) Foreign Receivables. Notwithstanding anything in this Agreement to the contrary, no Receivable, the Obligor of which is a resident of a jurisdiction other than the United States, Canada or Mexico, shall be sold, transferred or otherwise assigned by any Originator to the Company hereunder unless and until Company shall have notified such Originator in writing that such Receivable is acceptable for purchase hereunder.

1.3. Consideration for Purchases. On the terms and subject to the conditions set forth in this Agreement, the Company agrees to make all Purchase Price payments to the respective Originators, and to reflect all contributions, in accordance with Article III.

1.4. Purchase and Sale Termination Date. The "Purchase and Sale Termination Date" shall be the earlier to occur of (a) the date of the termination of this Agreement pursuant to Section 8.2 and (b) the Payment Date immediately following the day on which the Servicer shall have given notice to the Company that the Originators desire to terminate this Agreement.

As used herein, "Payment Date" means (i) the Closing Date and (ii) each Business Day thereafter that the Originators are open for business.

1.5. Intention of the Parties. It is the express intent of the parties hereto that the transfers of the Receivables and Related Rights by each Originator to the Company, as contemplated by this Agreement be, and be treated as, sales or contributions, as applicable, and not as loans secured by the Receivables and Related Rights. If, however, notwithstanding the intent of the parties, such transfers are deemed to be loans, such Originator hereby grants to the Company a first priority security interest in all of such Originator's right, title and interest in and to the Receivables and the Related Rights now existing and hereafter created, all monies due or to become due and all amounts received with respect thereto, and all proceeds thereof, to secure all of such Originator's obligations hereunder.

ARTICLE II

CALCULATION OF PURCHASE PRICE

2.1. Calculation of Purchase Price. On the tenth Business Day after the last day of each calendar month (the "Servicer Report Date"), the Servicer shall deliver to the Company, the Administrator and each Originator a report in substantially the form of Exhibit A (each such report being herein called a "Purchase Report") with respect to the matters set forth therein and the Company's purchases of Receivables from each Originator

(a) that are to be made on the Closing Date (in the case of the Purchase Report to be delivered on the Closing Date), or

(b) that were made during the period commencing on the Servicer Report Date immediately preceding such Servicer Report Date to (but not including) such Servicer Report Date (in the case of each subsequent Purchase Report).

The "Purchase Price" (to be paid to each Originator in accordance with the terms of Article III) for the Receivables and the Related Rights that are purchased hereunder shall be determined in accordance with the following formula:

PP = OB X FMVD

where:

PP = Purchase Price for each Receivable as calculated on the relevant Payment Date.

OB = the Outstanding Balance of such Receivable.

FMVD = Fair Market Value Discount, as measured on such Payment Date, which is equal to the quotient (expressed as percentage) of (a) one divided by (b) the sum of (i) one, plus (ii) the product of (A) the Prime Rate on such Payment Date, and (B) a fraction, the numerator of which is the Days' Sales Outstanding (calculated as of the last day of the calendar month next preceding such Payment Date) and the denominator of which is 365.

"Prime Rate" means a per annum rate equal to the "prime rate" as published in the "Money Rates" section of The Wall Street Journal or such other publication as determined by the Administrator in its sole discretion.

ARTICLE III

CONTRIBUTION OF RECEIVABLES;
PAYMENT OF PURCHASE PRICE

3.1. Contribution of Receivables. On the Closing Date, BAX shall, and hereby does, contribute to the capital of the Company, Receivables and Related Rights with respect thereto consisting of each Receivable of BAX that existed and was owing to BAX on the Closing Date, beginning with the oldest of such Receivables and continuing chronologically thereafter, and all or an undivided interest in the most recent of such contributed Receivables such that the aggregate Outstanding Balance of all such contributed Receivables shall be equal to $1,500,000.

3.2. Initial Purchase Price Payment. On the terms and subject to the conditions set forth in this Agreement, the Company agrees to pay to each Originator the Purchase Price for the purchase of Receivables to be made on the Closing Date (other than Contributed Receivables), partially in cash in the amount of the proceeds of the purchase made by the Issuer on the Closing Date under the Receivables Purchase Agreement, and partially by issuing a promissory note in the form of Exhibit B to such Originator with an initial principal balance equal to the remaining Purchase Price (as each such promissory note may be amended, supplemented, indorsed or otherwise modified from time to time, together with all promissory notes issued from time to time in substitution therefor or renewal thereof in accordance with the Transaction Documents, being herein called the "Company Note").

3.3. Subsequent Purchase Price Payments. On each Business Day falling after the Closing Date and on or prior to the Purchase and Sale Termination Date, on the terms and subject to the conditions set forth in this Agreement, the Company shall pay to each Originator the Purchase Price for the Receivables sold by such Originator to the Company on such Business Day, in cash, to the extent provided under the terms of the Receivables Purchase Agreement, and to the extent any of such Purchase Price remains unpaid, such remaining portion of such Purchase Price shall be paid by means of an automatic increase to the outstanding principal amount of the Company Note issued to such Originator.

Servicer shall make all appropriate record keeping entries with respect to the Company Notes or otherwise to reflect the foregoing payments and to reflect adjustments pursuant to Section 3.4, and Servicer's books and records shall constitute rebuttable presumptive evidence of the principal amount of and accrued interest on any Company Note at any time. Furthermore, Servicer shall hold the Company Notes for the benefit of the Originators, and all payments under the Company Notes shall be made to the Servicer for the account of the applicable payee thereof. Each Originator hereby irrevocably authorizes Servicer to mark the Company Notes "CANCELLED" and to return such Company Notes to the Company upon the final payment thereof after the occurrence of the Purchase and Sale Termination Date.

3.4. Settlement as to Specific Receivables and Dilution.

(a) If on the day of purchase or contribution of any Receivable from any Originator hereunder, any of the representations or warranties set forth in Section 5.4 or 5.11 of such Originator is not true with respect to such Receivable or as a result of any action or inaction of such Originator, on any day any of such representations or warranties set forth in Section 5.4 or 5.11 is no longer true with respect to such a Receivable (other than a representation or warranty set forth in Section 5.11(c) which is no longer true as a result of an Obligor's payment obligation being discharged in bankruptcy), then the Purchase Price (or in the case of a Contributed Receivable, the Outstanding Balance of such Receivable (the "Contributed Value")) with respect to such Receivables shall be reduced by an amount equal to the Outstanding Balance of such Receivable and shall be accounted to such Originator as provided in subsection (c) below; provided, that if the Company thereafter receives payment on account of Collections due with respect to such Receivable, the Company promptly shall deliver such funds to such Originator.

(b) If, on any day, the Outstanding Balance of any Receivable (including any Contributed Receivable) purchased (or contributed) hereunder is reduced or adjusted as a result of any defective, rejected, returned goods or services, or any discount or other adjustment made by any Originator, the Company or the Servicer or any offset, setoff or dispute between such Originator or the Servicer and an Obligor as indicated on the books of the Company (or, for periods prior to the Closing Date, the books of such Originator), then the Purchase Price or the Contributed Value, as the case may be, with respect to such Receivable shall be reduced by the amount of such net reduction and shall be accounted to Originator as provided in subsection (c) below.

(c) Any reduction in the Purchase Price (or Contributed Value) of any Receivable pursuant to subsection (a) or (b) above shall be applied as a credit for the account of the Company against the Purchase Price of Receivables subsequently purchased by the Company from such Originator hereunder; provided, however if there are no purchases of Receivables from such Originator (or insufficiently large purchases of Receivables) to create a Purchase Price sufficient to so apply such credit against, the amount of such credit

(i) shall be paid in cash to the Company by such Originator in the manner and for application as described in the following proviso, or

(ii) shall be deemed to be a payment under, and shall be deducted from the principal amount outstanding under, the Company Note payable to such Originator to the extent permitted under Section 1(m) of Exhibit IV of the Receivables Purchase Agreement;

provided, further, that at any time (x) when a Termination Event or Unmatured Termination Event exists under the Receivables Purchase Agreement or (y) on or after the Purchase and Sale Termination Date, the amount of any such credit shall be paid by such Originator to the Company by deposit in immediately available funds into the Collection Account for application by Servicer to the same extent as if Collections of the applicable Receivable in such amount had actually been received on such date.

(d) Each Purchase Report (other than the Purchase Report delivered on the Closing Date) shall include, in respect of the Receivables previously generated by each Originator (including the Contributed Receivables), a calculation of the aggregate reductions described in subsection (a) or (b) relating to such Receivables since the last Purchase Report delivered hereunder, as indicated on the books of the Company (or, for such period prior to the Closing Date, the books of the Originators).

3.5. Reconveyance of Receivables. In the event that an Originator has paid to the Company the full Outstanding Balance of any Receivable pursuant to Section 3.4, the Company shall reconvey such Receivable to such Originator, without representation or warranty, but free and clear of all liens created by the Company.

ARTICLE IV

CONDITIONS OF PURCHASES

4.1. Conditions Precedent to Initial Purchase. The initial purchase hereunder is subject to the condition precedent that the Company shall have received, on or before the Closing Date, the following, each (unless otherwise indicated) dated the Closing Date, and each in form, substance and date satisfactory to the Company:

(a) A copy of the resolutions of the Board of Directors of each Originator approving the Transaction Documents to be delivered by it and the transactions contemplated hereby and thereby, certified by the Secretary or Assistant Secretary of such Originator;

(b) Good standing certificates for each Originator issued as of a recent date acceptable to Servicer by the Secretary of State of the jurisdiction of such Originator's incorporation and the jurisdiction where such Originator's chief executive office is located;

(c) A certificate of the Secretary or Assistant Secretary of each Originator certifying the names and true signatures of the officers authorized on such Originator's behalf to sign the Transaction Documents to be delivered by it (on which certificate the Company and Servicer (if other than such Originator) may conclusively rely until such time as the Company and the Servicer shall receive from Originator a revised certificate meeting the requirements of this subsection (c));

(d) The articles of incorporation of each Originator, duly certified by the Secretary of State of the jurisdiction of such Originator's incorporation as of a recent date acceptable to Servicer, together with a copy of the by-laws of such Originator, each duly certified by the Secretary or an Assistant Secretary of such Originator;

(e) Copies of the proper financing statements (Form UCC-1) that have been duly executed and name each Originator as the debtor/seller and the Company as the secured party/purchaser (and Issuer as assignee of the Company) of the Receivables generated by such Originator and Related Rights or other, similar instruments or documents, as may be necessary or, in Servicer's or the Administrator's opinion, desirable under the UCC of all appropriate jurisdictions or any comparable law of all appropriate jurisdictions to perfect the Company's ownership interest in all Receivables and Related Rights in which an ownership interest may be assigned to it hereunder;

(f) A written search report from a Person satisfactory to Servicer and the Administrator listing all effective financing statements that name any Originator as debtor or assignor and that are filed in the jurisdictions in which filings were made pursuant to the foregoing subsection (e), together with copies of such financing statements (none of which, except for those described in the foregoing subsection (e), shall cover any Receivable or any Related Right), and tax and judgment lien search reports from a Person satisfactory to Servicer and the Administrator showing no evidence of any liens filed against any Originator with respect to the Receivables or Related Rights;

(g) Favorable opinions of general counsel to the Originators, in form and substance satisfactory to the Company and the Administrator;

(h) Evidence (i) of the execution and delivery by each of the parties thereto of each of the other Transaction Documents to be executed and delivered in connection herewith and (ii) that each of the conditions precedent to the execution, delivery and effectiveness of such other Transaction Documents has been satisfied to the Company's satisfaction; and

(i) A certificate from an officer of each Originator to the effect that Servicer and Originator have placed on the most recent, and have taken all steps reasonably necessary to ensure that there shall be placed on subsequent, summary master control data processing reports the following legend (or the substantive equivalent thereof): "THE RECEIVABLES DESCRIBED HEREIN HAVE BEEN SOLD TO BAX FUNDING CORPORATION PURSUANT TO A PURCHASE AND SALE AGREEMENT, DATED AS OF DECEMBER 15, 2000, AMONG BAX GLOBAL INC., THE ORIGINATORS NAMED THEREIN AND BAX FUNDING CORPORATION; AND AN INTEREST IN THE RECEIVABLES DESCRIBED HEREIN HAS BEEN GRANTED TO LIBERTY STREET FUNDING CORP., PURSUANT TO A RECEIVABLES PURCHASE AGREEMENT, DATED AS OF DECEMBER 15, 2000, AMONG BAX GLOBAL INC., BAX FUNDING CORPORATION, LIBERTY STREET FUNDING CORP., AND THE BANK OF NOVA SCOTIA, AS ADMINISTRATOR."

4.2. Certification as to Representations and Warranties. Each Originator, by accepting the Purchase Price related to each purchase of Receivables (and Related Rights) generated by such Originator, shall be deemed to have certified that the representations and warranties contained in Article V are true and correct on and as of such day, with the same effect as though made on and as of such day.

4.3. Addition of Originators. Additional Persons may be added as Originators hereunder, with the consent of the Company and the Administrator; provided that the following conditions are satisfied on or before the date of such addition:

(i) The Servicer shall have given the Administrator and the Company at least thirty (30) days prior written notice of such proposed addition and the identity of the proposed additional Originator and shall have provided such information with respect to the receivables of such additional Originator as the Administrator shall have reasonably requested;

(ii) such proposed additional Originator has executed and delivered to the Company and the Administrator an agreement substantially in the form attached hereto as Exhibit C (each, a "Joinder Agreement");

(iii) such proposed additional Originator has delivered to the Company and the Administrator each of the documents with respect to such Originator described in Section 4.1;

(iv) unless the receivables intended to be sold by such Originator to the Company hereunder are Receivables, the related underlying goods of which, are and will continue to be generated by an already existing Originator, the Administrator shall have received a written statement from each of Moody's and Standard & Poor's confirming that the addition of such Originator will not result in a downgrade or withdrawal of the current ratings of the Notes; and

(v) the Purchase and Sale Termination Date shall not have occurred.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE ORIGINATORS

In order to induce the Company to enter into this Agreement and to make purchases and accept contributions hereunder, each Originator, hereby makes with respect to itself the representations and warranties set forth in this Article V.

5.1. Organization and Good Standing. Such Originator has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of its incorporation, with power and authority to own its properties and to conduct its business as such properties are presently owned and such business is presently conducted.

5.2. Due Qualification. Such Originator is duly licensed or qualified to do business as a foreign corporation in good standing in the jurisdiction where its chief executive office and principal place of business are located and in all other jurisdictions in which (a) the ownership or lease of its property or the conduct of its business requires such licensing or qualification and (b) the failure to be so licensed or qualified would not have a Material Adverse Effect.

5.3. Power and Authority; Due Authorization. Such Originator has (a) all necessary corporate power, authority and legal right (i) to execute and deliver, and perform its obligations under, each Transaction Document to which it is a party, and (ii) to generate, own, sell, contribute and assign Receivables and Related Rights on the terms and subject to the conditions herein and therein provided; and (b) duly authorized such execution and delivery and such sale, contribution and assignment and the performance of such obligations by all necessary corporate action.

5.4. Valid Sale or Contribution; Binding Obligations. Each sale or contribution, as the case may be, of Receivables and Related Rights made by such Originator pursuant to this Agreement shall constitute a valid sale or contribution, as the case may be, transfer, and assignment thereof to the Company, enforceable against creditors of, and purchasers from, such Originator; and this Agreement constitutes, and each other Transaction Document to be signed by such Originator, when duly executed and delivered, will constitute, a legal, valid, and binding obligation of such Originator, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

5.5. No Violation. The consummation of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms hereof or thereof will not (a) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time or both) a default under (i) such Originator's certificate of incorporation or by-laws, or (ii) any material indenture, loan agreement, mortgage, deed of trust, or other material agreement or instrument to which it is a party or by which it is bound, (b) result in the creation or imposition of any Adverse Claim upon any of its properties pursuant to the terms of any such material indenture, loan agreement, mortgage, deed of trust, or other material agreement or instrument, other than the Transaction Documents, or (c) violate any law or any order, rule, or regulation applicable to it of any court or of any federal, state or foreign regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over it or any of its properties.

5.6. Proceedings. There is no litigation or, to such Originator's knowledge, any proceeding or investigation pending before any court, regulatory body, arbitrator, administrative agency, or other tribunal or governmental instrumentality (a) asserting the invalidity of any Transaction Document, (b) seeking to prevent the sale or contribution of Receivables and Related Rights to the Company or the consummation of any of the other transactions contemplated by any Transaction Document, or (c) seeking any determination or ruling that would have a Material Adverse Effect.

5.7. Bulk Sales Act. No transaction contemplated hereby requires compliance with any bulk sales act or similar law.

5.8. Government Approvals. Except for the filing of the UCC financing statements referred to in Article IV, all of which, at the time required in Article IV, shall have been duly made and shall be in full force and effect, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for such Originator's due execution, delivery and performance of any Transaction Document to which it is a party, as seller.

5.9. Financial Condition.

(a) On the date hereof, and on the date of each sale of Receivables by each Originator to the Company (both before and after giving effect to such sale), such Originator shall be Solvent.

(b) The unaudited consolidated balance sheets of BAX and its subsidiaries as of December 31, 1999 and the related statements of operations and cash flows for the fiscal year then ended, copies of which have been furnished to the Company, present fairly the consolidated financial position of BAX and its subsidiaries at such date and the consolidated results of their operations for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied; and since such date no event has occurred that has had, or would have, a Material Adverse Effect.

5.10. Margin Regulations. No use of any funds acquired by such Originator under this Agreement will conflict with or contravene any of Regulations T, U and X promulgated by the Board of Governors of the Federal Reserve System from time to time.

5.11. Quality of Title.

(a) Each Receivable (together with the Related Rights) which is to be sold or contributed to the Company hereunder is or shall be owned by such Originator, free and clear of any Adverse Claim (other than any Adverse Claim arising solely as a result of any action taken by the Company). Whenever the Company makes a purchase, or accepts a contribution, hereunder, it shall have acquired a valid and perfected ownership interest (free and clear of any Adverse Claim) in all Receivables generated by such Originator and all Collections related thereto, and in such Originator's entire right, title and interest in and to the other Related Rights with respect thereto.

(b) No effective financing statement or other instrument similar in effect covering any Receivable generated by such Originator or any right related to any such Receivable is on file in any recording office except such as may be filed in favor of the Company or the Originators, as the case may be, in accordance with this Agreement or in favor of the Issuer in accordance with the Receivables Purchase Agreement.

(c) Each Receivable purchased or contributed hereunder and included in the Net Receivables Pool Balance was, on the date of purchase or contribution, an Eligible Receivable.

5.12. Accuracy of Information. No factual written information furnished or to be furnished in writing by a Responsible Officer of such Originator, to the Company, the Issuer or the Administrator for purposes of or in connection with any Transaction Document or any transaction contemplated hereby or thereby is, and no other such factual written information hereafter furnished (and prepared) by a Responsible Officer of such Originator, to the Company, the Issuer, or the Administrator pursuant to or in connection with any Transaction Document, taken as a whole, will be inaccurate in any material respect as of the date it was furnished or (except as otherwise disclosed to the Company at or prior to such time) as of the date as of which such information is dated or certified, or shall contain any material misstatement of fact or omitted or will omit to state any material fact necessary to make such information, in the light of the circumstances under which any statement therein was made, not materially misleading on the date as of which such information is dated or certified.

5.13. Offices. Such Originator's principal place of business and chief executive office is located at the address set forth under such Originator's signature hereto (or in the Joinder Agreement pursuant to which such Originator becomes a party hereto, as an Originator), and the offices where such Originator keeps all its books, records and documents evidencing the Receivables, the related Contracts and all other agreements related to such Receivables are located at the addresses specified on Schedule 5.13 (or at such other locations, notified to Servicer and the Administrator in accordance with Section 6.1(f), in jurisdictions where all action required by Section 7.3 has been taken and completed).

5.14. Trade Names. Except as disclosed on Schedule 5.14, such Originator does not use any trade name other than its actual corporate name. From and after the date that fell five (5) years before the date hereof, such Originator has not been known by any legal name other than its corporate name as of the date hereof, nor has such Originator been the subject of any merger or other corporate reorganization except as disclosed on Schedule 5.14.

5.15. Taxes. Such Originator has filed all material tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes which are not yet delinquent or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

5.16. Licenses and Labor Controversies.

(a) Such Originator has not failed to obtain any licenses, permits, franchises or other governmental authorizations necessary to the ownership of its properties or to the conduct of its business, which violation or failure to obtain would have a Material Adverse Effect; and

(b) There are no labor controversies pending against such Originator that have had (or would have) a Material Adverse Effect.

5.17. Compliance with Applicable Laws. Such Originator is in compliance, in all material respects, with the requirements of (i) all applicable laws, rules, regulations, and orders of all governmental authorities (including, without limitation, laws, rules and regulations relating to usury, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy and all other consumer laws applicable to the Receivables and related Contracts) which would have a Material Adverse Effect (excluding with respect to environmental matters which are covered by clause (ii)), and (ii) to the best of its knowledge, all applicable environmental laws, rules, regulations and orders of all governmental authorities which would have a Material Adverse Effect.

5.18. Reliance on Separate Legal Identity. Such Originator is aware that Issuer and the Administrator are entering into the Transaction Documents to which they are parties in reliance upon the Company's identity as a legal entity separate from any Originator.

5.19. Purchase Price. The purchase price payable by the Company to such Originator hereunder is intended by such Originator and Company to be consistent with the terms that would be obtained in an arm's length sale.

ARTICLE VI

COVENANTS OF THE ORIGINATORS

6.1. Affirmative Covenants. From the date hereof until the first day following the Purchase and Sale Termination Date, each Originator will, unless the Company and the Administrator shall otherwise consent in writing:

(a) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders, including those with respect to the Receivables generated by it and the related Contracts and other agreements related thereto, except to the extent that failure to comply with such laws, rules and regulations would not have a Material Adverse Effect.

(b) Preservation of Corporate Existence. Preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification could would have a Material Adverse Effect.

(c) Receivables Review. (i) At any time and from time to time (but, (a) prior to the occurrence of a Purchase and Sale Termination Event or Unmatured Purchase and Sale Termination Event or (b) unless, in the opinion of the Administrator reasonable grounds for insecurity exist with respect to the collectibility of the Receivables or such Originator's performance or ability to perform its obligations under this Agreement, no more frequently than annually) during regular business hours, upon reasonable prior notice, permit the Company and/or the Administrator, or their respective agents or representatives, (A) to examine, to audit and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of such Originator relating to the Receivables and Related Rights, including, without limitation, the Contracts and other agreements related thereto, and (B) to visit such Originator's offices and properties for the purpose of examining such materials described in the foregoing clause (A) and discussing matters relating to the Receivables and Related Rights or such Originator's performance hereunder with any of the officers or employees of such Originator having knowledge of such matters; and (ii) without limiting the provisions of clause (i) next above, from time to time during regular business hours, upon five (5) Business Days prior written notice from the Administrator, permit certified public accountants or other auditors acceptable to the Administrator to conduct a review of its books and records with respect to the Receivables and Related Rights. Each of the parties hereto hereby agrees that (x) in the absence of a Termination Event or an Unmatured Termination Event, audits, of the type described in clause (ii) of this paragraph (c), shall be conducted only as reasonably necessary, as determined in the sole discretion of the Administrator, and all reasonable costs and expenses of any such audit, examination or review performed or otherwise prepared pursuant to this paragraph (c) shall be paid by such Originator and (y) each party receiving information with respect to this paragraph (c) shall be subject to the standard of confidentiality provided for such information as set forth in Section 5.13 of the Receivables Purchase Agreement.

(d) Keeping of Records and Books of Account. Maintain an ability to recreate records evidencing the Receivables in the event of the destruction of the originals thereof.

(e) Performance and Compliance with Receivables and Contracts. At its expense timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under the related Contracts and all other agreements related to the Receivables and Related Rights.

(f) Location of Records. Keep its principal place of business and chief executive office, and the offices where it keeps its records concerning or related to Receivables and Related Rights, at the address(es) referred to in Schedule 5.13 or, upon 30 days' prior written notice to the Company and the Administrator, at such other locations in jurisdictions where all action required by Section 7.3 shall have been taken and completed.

(g) Credit and Collection Policies. Comply in all material respects with its Credit and Collection Policy in connection with the Receivables and the related Contracts.

(h) Separate Corporate Existence of the Company. Take such actions as shall be required in order that:

(i) the Company's operating expenses (other than certain organization expenses and expenses incurred in connection with the preparation, negotiation and delivery of the Transaction Documents) will not be paid by such Originator;

(ii) the Company's books and records will be maintained separately from those of such Originator;

(iii) all financial statements of such Originator that are consolidated to include the Company will contain a disclosure describing this transaction and that will indicate that (A) all of the Company's assets are owned by the Company, and (B) the Company is a separate entity with creditors who have received interests in the Company's assets;

(iv) such Originator will strictly observe corporate formalities in its dealing with the Company;

(v) except as otherwise provided in the Receivables Purchase Agreement in connection with the servicing of Receivables, such Originator shall not commingle its funds with any funds of the Company;

(vi) such Originator will maintain arm's length relationships with the Company, and such Originator will be compensated at market rates for any services it renders or otherwise furnishes to the Company; and

(vii) such Originator will not be, and will not hold itself out to be, responsible for the debts of the Company or the decisions or actions in respect of the daily business and affairs of the Company.

(i) Post Office Boxes. Within 30 days after the date hereof, deliver to the Administrator a certificate from an authorized officer of such Originator to the effect that (i) the name of the renter of all post office boxes into which Collections may from time to time be mailed have been changed to the name of the Company (unless such post office boxes are in the name of the relevant Lock-Box Banks) and (ii) all relevant postmasters have been notified that each of Servicer and the Administrator are authorized to collect mail delivered to such post office boxes (unless such post office boxes are in the name of the relevant Lock-Box Banks).

6.2. Reporting Requirements. From the date hereof until the first day following the Purchase and Sale Termination Date, each Originator shall, unless the Administrator and the Company shall otherwise consent in writing, furnish to the Company and the Administrator:

(a) Proceedings. Promptly after such Originator has knowledge thereof, written notice to the Company and the Administrator of (i) all pending proceedings and investigations of the type described in Section 5.6 not previously disclosed to the Company and/or the Administrator and (ii) all material adverse developments that have occurred with respect to any previously disclosed proceedings and investigations.

(b) Other. Promptly, from time to time, such other information, documents, records or reports respecting the Receivables, the Related Rights or such Originator's performance hereunder that the Company or the Administrator may from time to time reasonably request in order to protect the interests of the Company, the Issuer, the Administrator or any other Affected Person under or as contemplated by the Transaction Documents.

6.3. Negative Covenants. From the date hereof until the date following the Purchase and Sale Termination Date, each Originator agrees that, unless the Administrator and the Company shall otherwise consent in writing (which consent shall not be unreasonably withheld), it shall not:

(a) Sales, Liens, Etc. Except as otherwise provided herein or in any other Transaction Document, sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, any Receivable or related Contract, Collections or Related Security, or any interest therein, or assign any right to receive income in respect thereof.

(b) Extension or Amendment of Receivables. Except as otherwise permitted in Section 4.2(a) of the Receivables Purchase Agreement or in accordance with the Credit and Collection Policy, extend, amend or otherwise modify the terms of any Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any Contract related thereto (which term or condition relates to payments under, or the enforcement of, such Contract).

(c) Change in Business or Credit and Collection Policy. Make any change in the character of its business or materially alter its Credit and Collection Policy, which change would, in either case, materially change the credit standing required of particular Obligors or potential Obligors or which would have a Material Adverse Effect on the collectibility of the Receivables generated by it.

(d) Receivables Not to be Evidenced by Promissory Notes or Chattel Paper. Take any action to cause or permit any Receivable generated by it to become evidenced by any "instrument" or "chattel paper" (as defined in the applicable UCC) unless such "instrument" or "chattel paper" shall be delivered to the Company (which in turn shall deliver the same to the Issuer (or the Administrator on its behalf)).

(e) Mergers, Acquisitions, Sales, etc. Merge or consolidate with another Person (except pursuant to a merger or consolidation involving such Originator where such Originator is the surviving corporation), or convey, transfer, lease or otherwise dispose of (whether in one or in a series of transactions), all or substantially all of its assets (whether now owned or hereafter acquired), other than pursuant to this Agreement.

(f) Lock-Box Banks. Make any changes in its instructions to Obligors regarding Collections or add or terminate any Lock-Box Bank unless the requirements of Section 1(i) of Exhibit IV to the Receivables Purchase Agreement have been met.

(g) Accounting for Purchases. Account for or treat (whether in financial statements or otherwise) the transactions contemplated hereby in any manner other than as sales of the Receivables and Related Security by such Originator to the Company.

(h) Transaction Documents. Enter into, execute, deliver or otherwise become bound by any agreement, instrument, document or other arrangement that restricts the right of such Originator to amend, supplement, amend and restate or otherwise modify, or to extend or renew, or to waive any right under, this Agreement or any other Transaction Documents.

ARTICLE VII

ADDITIONAL RIGHTS AND OBLIGATIONS IN RESPECT OF THE RECEIVABLES

7.1. Rights of the Company. Each Originator hereby authorizes the Company and the Servicer or their respective designees to take any and all steps in such Originator's name necessary or desirable, in their respective determination, to collect all amounts due under any and all Receivables and Related Rights, including, without limitation, endorsing such Originator's name on checks and other instruments representing Collections and enforcing such Receivables and the provisions of the related Contracts that concern payment and/or enforcement of rights to payment.

7.2. Responsibilities of Each Originator. Anything herein to the contrary notwithstanding:

(a) Each Originator agrees to (A) direct, and hereby grants to each of the Company and the Administrator the authority to direct, all Obligors of Receivables originated by such Originator to make payments of such Receivables directly to a Lock-Box Account at a Lock-Box Bank, and (B) to transfer any Collections that it receives directly, to Servicer (for deposit to such a Lock-Box Account) within two Business Days of receipt thereof, and agrees that all such Collections shall be deemed to be received in trust for the Company.

(b) Each Originator shall perform its obligations hereunder, and the exercise by the Company or its designee of its rights hereunder shall not relieve such Originator from such obligations.

(c) None of the Company, Servicer, Issuer or the Administrator shall have any obligation or liability to any Obligor or any other third Person with respect to any Receivables, Contracts related thereto or any other related agreements, nor shall the Company, Servicer, Issuer or the Administrator be obligated to perform any of the obligations of any Originator thereunder.

(d) Each Originator hereby grants to Administrator an irrevocable power of attorney, with full power of substitution, coupled with an interest, to take in the name of such Originator all steps necessary or advisable to indorse, negotiate or otherwise realize on any writing or other right of any kind held or transmitted by such Originator or transmitted or received by the Company (whether or not from such Originator) in connection with any Receivable or Related Right.

7.3. Further Action Evidencing Purchases. Each Originator agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action that the Company or Servicer may reasonably request in order to perfect, protect or more fully evidence the Receivables (and the Related Rights) purchased by, or contributed to, the Company hereunder, or to enable the Company to exercise or enforce any of its rights hereunder or under any other Transaction Document. Without limiting the generality of the foregoing, upon the request of the Company, each Originator will:

(a) execute and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate; and

(b) mark the summary master control data processing records with the legend set forth in Section 4.1(i).

Each Originator hereby authorizes the Company or its designee to file one or more financing or continuation statements, and amendments thereto and assignments thereof, relative to all or any of the Receivables (and the Related Rights) now existing or hereafter generated by such Originator. If any Originator fails to perform any of its agreements or obligations under this Agreement, the Company or its designee may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the expenses of the Company or its designee incurred in connection therewith shall be payable by such non-performing Originator as provided in Section 9.1.

7.4. Application of Collections. Any payment by an Obligor in respect of any indebtedness owed by it to any Originator shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by the Company or the

Administrator, be applied first, as a Collection of any Receivables of such Obligor, in the order of the age of such Receivables, starting with the oldest of such Receivables, and second, to any other indebtedness of such Obligor.

ARTICLE VIII

PURCHASE AND SALE TERMINATION EVENTS

8.1. Purchase and Sale Termination Events. Each of the following events or occurrences described in this Section 8.1 shall constitute a "Purchase and Sale Termination Event":

(a) The Facility Termination Date (as defined in the Receivables Purchase Agreement) shall have occurred; or

(b) Any Originator shall fail to make any payment or deposit to be made by it hereunder when due; or

(c) Any representation or warranty made or deemed to be made by any Originator (or any of its officers) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered pursuant hereto or thereto shall prove to have been false or incorrect in any material respect when made or deemed made; or

(d) Any Originator shall fail to perform or observe in any material respect any agreement contained in any of Sections 6.1(h) or 6.3; or

(e) Except as otherwise specifically provided in this Section 8.1, any Originator shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed and such failure shall continue unremedied for a period of 30 days; or

(f) (i) Any Originator shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against such Originator seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for all or any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), such proceeding shall remain undismissed or unstayed for a period of 60 days; or (ii) any Originator shall take any corporate action to authorize any of the actions set forth in clause (i) above in this Section 8.1(f); or

(g) A contribution failure shall occur with respect to any benefit plan sufficient to give rise to a lien under Section 302(f) of ERISA, or the Internal Revenue Service shall, or shall indicate its intention in writing to any Originator to, file notice of a lien asserting a claim or claims pursuant to the Code with regard to any of the assets of such Originator, or the Pension Benefit Guaranty Corporation shall, or shall indicate its intention in writing to such Originator or an ERISA Affiliate to, either file notice of a lien asserting a claim pursuant to ERISA with regard to any assets of such Originator or an ERISA Affiliate or terminate any benefit plan that has unfunded benefit liabilities.

8.2. Remedies.

(a) Optional Termination. Upon the occurrence of a Purchase and Sale Termination Event, the Company shall have the option by notice to the Originators (with a copy to the Administrator) to declare the Purchase and Sale Termination Date to have occurred.

(b) Remedies Cumulative. Upon any termination of the Purchase Facility pursuant to this Section 8.2, the Company shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided under the UCC of each applicable jurisdiction and other applicable laws, which rights shall be cumulative.

ARTICLE IX

INDEMNIFICATION

9.1. Indemnities by the Originators. Without limiting any other rights which the Company may have hereunder or under applicable law, each Originator, severally and for itself alone, hereby agrees to indemnify the Company and each of its assigns, officers, directors, employees and agents (each of the foregoing Persons being individually called a "Purchase and Sale Indemnified Party"), forthwith on demand, from and against any and all damages, losses, claims, judgments, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements (all of the foregoing being collectively called "Purchase and Sale Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of the following:

(a) the transfer by such Originator of an interest in any Receivable or Related Right to any Person other than the Company;

(b) the breach of any representation or warranty made by such Originator under this Agreement or any other Transaction Document, or any information or report delivered by such Originator pursuant hereto or thereto which shall have been false or incorrect in any respect when made or deemed made;

(c) the failure by such Originator to comply with any applicable law, rule or regulation with respect to any Receivable or the related Contract, or the nonconformity of any Receivable or the related Contract with any such applicable law, rule or regulation;

(d) the failure to vest in the Company an ownership interest in the Receivables generated by such Originator and the Related Rights free and clear of any Adverse Claim;

(e) the failure of such Originator to file with respect to itself, or any delay by such Originator in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivables or purported Receivables generated by such Originator or any Related Rights, whether at the time of any purchase or contribution or at any subsequent time;

(f) any dispute, claim, offset or defense (other than discharge in bankruptcy) of the Obligor to the payment of any Receivable or purported Receivable generated by such Originator (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the goods or services related to any such Receivable or the furnishing of or failure to furnish such goods or services;

(g) any litigation, proceeding or investigation against such Originator;

(h) any tax or governmental fee or charge (other than any tax excluded pursuant to the proviso below), all interest and penalties thereon or with respect thereto, and all out-of-pocket costs and expenses, including the reasonable fees and expenses of counsel in defending against the same, which may arise by reason of the purchase, contribution or ownership of the Receivables or any Related Right connected with any such Receivables;

(i) any failure of such Originator to perform its duties or obligations in accordance with the provisions of this Agreement or any other Transaction Document; and

(j) the commingling of Collections on Receivables of such Originator, at any time with other funds;

excluding, however, (i) Purchase and Sale Indemnified Amounts to the extent resulting from gross negligence or willful misconduct on the part of such Purchase and Sale Indemnified Party, (ii) any indemnification which has the effect of recourse for non-payment of the Receivables due to credit reasons to any indemnitor (except as otherwise specifically provided under this Section 9.1) and (iii) any overall net income taxes or franchise taxes imposed on such Purchase and Sale

Indemnified Party by the jurisdiction under the laws of which such Purchase and Sale Indemnified Party is organized or any political subdivision thereof.

If for any reason the indemnification provided above in this Section 9.1 is unavailable to a Purchase and Sale Indemnified Party or is insufficient to hold such Purchase and Sale Indemnified Party harmless, then each of the Originators, severally and for itself alone, shall contribute to the amount paid or payable by such Purchase and Sale Indemnified Party as a result of such loss, claim, damage or liability to the maximum extent permitted under applicable law.

ARTICLE X

MISCELLANEOUS

10.1. Amendments, etc.

(a) The provisions of this Agreement may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Company, the Administrator and the Originators (with respect to an amendment) or by the Company (with respect to a waiver or consent by it); provided, however, that no such material amendment shall be effective unless the Rating Agency Condition shall have been satisfied with respect thereto.

(b) No failure or delay on the part of the Company, Servicer, any Originator or any third party beneficiary in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Company, Servicer, or any Originator in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by the Company or Servicer under this Agreement shall, except as may otherwise be stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval under this Agreement shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

10.2. Notices, etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile communication) and shall be personally delivered or sent by express mail or courier or by certified mail, postage-prepaid, or by facsimile, to the intended party at the address or facsimile number of such party set forth under its name on the signature pages hereof or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective, (i) if personally delivered or sent by express mail or courier or if sent by certified mail, when received, and (ii) if transmitted by facsimile, when sent, receipt confirmed by telephone.

10.3. No Waiver; Cumulative Remedies. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

10.4. Binding Effect; Assignability. This Agreement shall be binding upon and inure to the benefit of the Company and each Originator and their respective successors and permitted assigns; provided, however, that no Originator may assign its rights hereunder or any interest herein or delegate its duties hereunder without the prior consent of the Company and the Administrator. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the date after the Purchase and Sale Termination Date on which the Originators have received payment in full for all Receivables and Related Rights purchased pursuant to Section 1.1 hereof. The rights and remedies with respect to any breach of any representation and warranty made by any Originator pursuant to Article V and the indemnification and payment provisions of Article IX and Section 10.6 shall be continuing and shall survive any termination of this Agreement.

10.5. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

10.6. Costs, Expenses and Taxes. In addition to the obligations of the Originators under Article IX, each Originator agrees to pay on demand:

(a) all reasonable costs and expenses in connection with the enforcement of this Agreement and the other Transaction Documents; and

(b) all stamp and other similar taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement or the other Transaction Documents, and agrees to indemnify each Purchase and Sale Indemnified Party against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

10.7. Submission to Jurisdiction. EACH PARTY HERETO HEREBY IRREVOCABLY (a) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY COURT OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY TRANSACTION DOCUMENT; (b) AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE OR UNITED STATES FEDERAL COURT; (c) WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING; (d) CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH PERSON AT ITS ADDRESS SPECIFIED IN SECTION 10.2; AND (e) TO THE EXTENT ALLOWED BY LAW, AGREES THAT A NONAPPEALABLE FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND

MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECTION 10.7 SHALL AFFECT THE COMPANY'S RIGHT TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING ANY ACTION OR PROCEEDING AGAINST ANY ORIGINATOR OR ITS RESPECTIVE PROPERTY IN THE COURTS OF ANY OTHER JURISDICTIONS.

10.8. Waiver of Jury Trial. EACH PARTY HERETO EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT, OR UNDER ANY AMENDMENT, INSTRUMENT OR DOCUMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

10.9. Captions and Cross References; Incorporation by Reference. The various captions (including, without limitation, the table of contents) in this Agreement are included for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. References in this Agreement to any underscored Section or Exhibit are to such Section or Exhibit of this Agreement, as the case may be. The Exhibits hereto are hereby incorporated by reference into and made a part of this Agreement.

10.10. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.

10.11. Acknowledgment and Agreement. By execution below, each Originator expressly acknowledges and agrees that all of the Company's rights, title, and interests in, to, and under this Agreement shall be assigned by the Company to the Issuer pursuant to the Receivables Purchase Agreement, and such Originator consents to such assignment. Each of the parties hereto acknowledges and agrees that the Administrator and the Issuer are third party beneficiaries of the rights of the Company arising hereunder and under the other Transaction Documents to which such Originator is a party.

(SIGNATURE PAGE TO FOLLOW)

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BAX FUNDING CORPORATION

By: /s/ James Hartough
....
Name: James Hartough
Title: President

Address:

BAX Funding Corporation
16808 Armstrong Avenue
Irvine, California 92713
Attention: Daniel Crowley
Telephone: 949-752-4000
Facsimile: 949-260-2305

with a copy to:

BAX Funding Corporation
c/o The Pittston Company
1801 Bayberry Court
Richmond, Virginia 23226-8100
Attention: James Hartough, President
Telephone: 804-289-9622
Facsimile: 804-289-9760

BAX GLOBAL INC.,
as initial Servicer

By: /s/ James Hartough
....
Name: James Hartough
Title: Treasurer

Address:
BAX Global Inc.
16808 Armstrong Avenue
Irvine, California 92713
Attention: Daniel Crowley, Executive Vice President
and Chief Financial Officer
Telephone: 949-752-4000
Facsimile: 949-260-2305

with a copy to:

BAX Global Inc.
c/o The Pittston Company

ORIGINATOR:

BAX GLOBAL INC.,
as an Originator

By: /s/ James Hartough
....
Name: James Hartough
Title: Treasurer

Address:
BAX Global Inc.
16808 Armstrong Avenue
Irvine, California 92713
Attention: Daniel Crowley, Executive Vice President
and Chief Financial Officer
Telephone: 949-752-4000
Facsimile: 949-260-2305

with a copy to:

BAX Global Inc.
c/o The Pittston Company

The Pittston Company
2000 Annual Report

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

(In thousands)	Years Ended December 31 2000	1999	1998
Net sales and operating revenues:			
Business and security services			
Brink's	$ 1,462,923	1,372,491	1,247,681
BHS	238,069	228,720	203,586
BAX Global	2,097,600	2,083,414	1,776,980
Total business and security services	3,798,592	3,684,625	3,228,247
Other Operations	35,520	25,073	23,332
Net sales and operating revenues	$ 3,834,112	3,709,698	3,251,579
Operating profit (loss):			
Business and security services			
Brink's	$ 108,509	103,547	98,420
BHS	54,340	54,234	53,032
BAX Global	(99,612)	61,460	(628)
Total business and security services	63,237	219,241	150,824
Other Operations	5,714	327	5,472
Segment operating profit	68,951	219,568	156,296
General corporate expense	(21,264)	(22,995)	(27,857)
Operating profit	$ 47,687	196,573	128,439

The Pittston Company (the "Company") is currently comprised of four operating segments and one discontinued segment. The operating segments are Brink's, Brink's Home Security, BAX Global and Other Operations which consists of Mineral Ventures and the Company's timber and gas operations (collectively, "Allied Operations"). Pittston Coal Operations ("Coal Operations") is the discontinued segment, therefore its results of operations are not included in the above table.

For the year ended December 31, 2000, the Company reported a net loss of $256.6 million, or $5.12 per diluted share, compared with net income of $34.7 million, or $0.70 per pro forma diluted share, for 1999. Lower results in 2000 were primarily due to a $207.4 million loss (after tax) from discontinued operations, a $52.0 million (after tax) charge to record the cumulative effect of an accounting change, a $35.7 million (after tax) restructuring charge (discussed below) and lower net earnings at BAX Global. Net income in 1999 included coal-related impairment charges of $53.5 million (after tax), and benefited from a $5.2 million gain (after tax) on the sale of a restricted investment.

The Company reported net income in 1999 of $34.7 million compared with $66.1 million in 1998. As mentioned above, net income in 1999 included coal-related impairment charges of $53.5 million (after tax) and benefited from a $5.2 million gain (after tax) on the partial sale of a restricted investment. Net income in 1998 included additional expenses at BAX Global of $22.7 million (after tax), as discussed below.

Continuing Operations

Revenue from continuing operations in 2000 increased $124.4 million (3%) compared to 1999, primarily due to growth in revenue at Brink's. Operating profit was $47.7 million in 2000 versus $196.6 million in 1999 primarily due to lower operating results and a $57.5 million restructuring charge at BAX Global (see discussion below).

Revenue from continuing operations in 1999 increased $458.1 million (14%) as compared to 1998 due to growth in all operating segments. Operating profit from continuing operations was $196.6 million in 1999, an increase of $68.1 million (53%) over 1998 due primarily to growth at BAX Global. Operating profit in 1998 included approximately $36 million of additional expenses relating to BAX Global.

The following is a discussion of the operating results for the Company's four operating segments: Brink's, Brink's Home Security, BAX Global and Other Operations.

Brink's

The following is a table of selected financial data for Brink's on a comparative basis:

(In thousands)	2000	1999	1998
	Years Ended December 31		
Operating revenues:			
North America (a)	$ 642,401	583,474	541,142
International	820,522	789,017	706,539
Total operating revenues	$1,462,923	1,372,491	1,247,681
Operating profit:			
North America (a)	$ 55,467	49,106	49,046
International	53,042	54,441	49,374
Total segment profit	$ 108,509	103,547	98,420
Depreciation and amortization	$ 60,195	53,002	45,742
Capital expenditures	73,837	84,414	74,716

(a) Comprises US and Canada.

Brink's worldwide consolidated revenues totaled $1.5 billion in 2000 compared to $1.4 billion in 1999, a 7% increase. The increase in revenues occurred in both the North America and International regions and was partially offset by the impact of the stronger US dollar versus the Euro relative to a year ago ($68 million). Brink's 2000 operating profit of $108.5 million represented a 5% increase over the $103.5 million reported in 1999. The increase in operating profit was primarily due to increased profits in North America of $6.4 million, which included a $4.9 million settlement associated with an insurance recoverable related to a prior year's robbery loss. This increase was partially offset by a reduction in International results of $1.4 million as the aforementioned foreign exchange effect reduced such operating profits by $3.7 million.

Revenues and operating profits from North American operations of $642.4 million and $55.5 million, respectively, in 2000 represented increases of $58.9 million and $6.4 million, respectively, from 1999. The 10% increase in revenues for 2000 primarily related to growth in the armored car operations and new business. The increase in operating profits of $1.5 million, excluding the effects of the insurance settlement (discussed above), was due to the revenue increase, partially offset by higher labor costs in expanding markets and increased workers' compensation and fuel costs. The improvement in operating profit was primarily attributable to armored car operations (which includes ATM servicing) largely due to increased volumes and, to a lesser extent, improved results in currency and coin processing services, partially offset by lower results in air courier operations.

Revenues and operating profit from International operations in 2000 totaled $820.5 million and $53.0 million, respectively. These amounts represented an increase of $31.5 million and a decrease of $1.4 million, respectively, from 1999. The 4% increase in revenue was primarily due to operations in Latin America and Asia/Pacific, partially offset by a decrease in Europe. The increase in Latin America was primarily due to improvements in Brazil, while improvements in Asia/Pacific occurred in Australia and Hong Kong. Revenue decreases in Europe resulted from the effects of the weaker Euro, partially offset by growth in France. International revenues (primarily Europe) for 2000 were negatively impacted by the strong US dollar ($68 million). International operating profits reflect improvements in the Asia/Pacific region primarily due to lower operating losses in Australia and higher profits in Hong Kong. Latin America reported lower operating profits primarily due to Puerto Rico and Mexico and weaker business conditions in Colombia, partially offset by improvements in operating performance in Brazil, Venezuela and Argentina. Europe reported lower operating profits as results were negatively impacted by the weaker Euro ($3.8 million) and lower operating profits in the Netherlands due in large part to higher labor costs.

Brink's worldwide consolidated revenues totaled $1.4 billion in 1999 compared to $1.2 billion in 1998, a 10% increase. The increase in revenues occurred in both the North America and International regions and was partially offset by the impact in 1999 of the stronger US dollar versus many European and Latin American currencies, relative to 1998. Brink's 1999 operating profit of $103.5 million represented a 5% increase over the $98.4 million of operating profit reported in 1998.

Revenues from North American operations increased $42.3 million (8%), to $583.5 million in 1999 as compared to 1998. North American operating profit in 1999 of $49.1 million was essentially unchanged from 1998. The increase in revenues for 1999 primarily resulted from continued growth in armored car operations, which include ATM services. Operating profits in 1999 did not increase in proportion to revenue primarily due to increased expenditures on information technology. The increased information technology costs were incurred to enhance Brink's capabilities in the transportation of valuables, ATM servicing, cash management and air courier operations as well as to implement communications improvements.

Revenues and operating profit from International operations in 1999 amounted to $789.0 million and $54.4 million, respectively. These amounts represented increases of $82.5 million and $5.1 million, respectively, from 1998. The 12% increase in revenue was primarily due to the acquisition of nearly all of the remaining shares of Brink's affiliate in France in the first quarter of 1998, the acquisition of the remaining 50% interest of Brink's affiliate in Germany late in the second quarter of 1998, growth of the subsidiary in Argentina (a relatively new operation) and an increase in Venezuela. These increases were partially offset by a decrease in revenues in Brazil due to a weaker Brazilian real while revenues from operations in Europe were adversely affected by the relative strength of the US dollar versus many European currencies in 1999. The 10% increase in operating profits was primarily due to improved results from operations and Brink's increased ownership position in France, improved operating performance in Brazil, Argentina and Brink's 20% owned affiliate in Mexico. These increases were partially offset by higher operating losses in Australia resulting from costs associated with its business expansion. Lower results from Venezuela, Chile and Colombia, due to weaker business conditions in those countries, also restrained the increase.

Brink's Home Security

The following is a table of selected financial data for Brink's Home Security ("BHS") on a comparative basis:

	Years Ended December 31		
(Dollars in thousands)	2000	1999	1998
Operating revenue (a)	$ 238,069	228,720	203,586
Investment in new subscribers (b)	(42,084)	(23,494)	(20,213)
Operating profit from recurring services	96,424	77,728	73,245
Total segment profit (a)	$ 54,340	54,234	53,032
Monthly recurring revenues (c)	$ 18,003	16,849	15,104
Annualized disconnect rate	7.6%	7.8%	7.2%
EBITDA (d)	116,456	104,153	89,662
Number of subscribers:			
Beginning of period	643,277	585,565	511,532
Installations	81,980	105,567	113,491
Disconnects	(49,979)	(47,855)	(39,458)
End of period	675,278	643,277	585,565
Depreciation and amortization	$ 62,116	49,919	36,630
Capital expenditures	74,496	80,633	81,671

(a) The change in accounting principle (described below) reduced operating revenue by $6.4 million and increased the investment in new subscribers by $2.3 million for the year ended December 31, 2000.

(b) Investment in new subscribers in 2000 primarily includes the marketing and selling expenses, net of the deferral of certain direct costs, incurred to attract new subscribers. Investment in new subscribers in 1999 and 1998 includes the marketing and selling expenses, net of nonrefundable installation revenues. If 2000 were restated on the same basis as 1999, the investment in new subscribers would have been $26.8 million.

(c) 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.

(d) EBITDA represents earnings before interest, tax, depreciation and amortization.

Prior to 2000, BHS charged against earnings as incurred, all marketing and selling costs associated with obtaining new subscribers and recognized as revenue all non-refundable payments received from such subscribers to the extent that costs exceeded such revenues. In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements", followed by a related interpretation in October 2000. These releases provide interpretive guidance on applying generally accepted accounting principles covering revenue recognition and related costs. Pursuant to this guidance, BHS now defers all new installation revenue and the portion of the new installation costs deemed to be direct costs of subscriber acquisition. Such revenues and costs (i.e. net revenues) are amortized over the expected term of the relationship with the subscriber.

The above has been accounted for as a change in accounting principle. Accordingly, full year 2000 results reflect the impact of the accounting change which was effective January 1, 2000. The Company recorded a non-cash, pretax charge of $84.7 million ($52.0 million after tax) to reflect the cumulative effect of the change in accounting principle on years prior to 2000. Operating revenues and total segment profits reported for 2000 would have been higher by $6.4 million and $2.3 million, respectively, under the accounting principles used to report results for years prior to 2000.

The change in accounting principle implemented during 2000 will have no effect on the economics and cash flows of the business. However, the deferral of new installation revenues, net of a portion of the costs of obtaining new subscribers, may cause reported segment profit to not fully reflect the economic value created by building the subscriber base in order to grow recurring revenues.

Total segment profit comprises two main components, investment in new subscribers and operating profit from recurring services. Investment in new subscribers is the net cost (primarily marketing and selling expenses) of adding to the subscriber base every year. In future years, the level of investment charged to income will be influenced by several factors, including the growth rate of subscribers, the net costs of adding new subscribers and the amortization of deferred net acquisition costs of subscribers. Operating profit from recurring services in 2000 reflects the normal monthly earnings generated from the existing subscriber base plus the amortization of deferred revenues and deferred direct costs from installations. Although it is impacted by the average monitoring fee per subscriber and operational costs, the change in this component is primarily determined by the size of the subscriber base.

Revenues for BHS were $238.1 million in 2000 versus the $228.7 million for 1999. Except for the change in accounting principle, revenues would have been $6.4 million higher or $244.4 million, an increase of 7% over the year earlier period. Such increase resulted primarily from the 7% growth in the average subscriber base. Monthly recurring revenues, measured at year-end, grew a corresponding 7% from 1999 to 2000.

Segment operating profit for 2000 was $54.3 million but would have been $56.7 million under the accounting principles used to report 1999 results. This $2.4 million increase in operating profit from the $54.2 million reported in 1999 was due primarily to the growth in operating profit from recurring services caused by the year over year increase in the subscriber base. This was partially offset by the increased cost of the investment in new subscribers.

Revenues in 1999 of $228.7 million were $25.1 million (12%) higher than in 1998, primarily as a result of a 12% growth in the average subscriber base, as well as higher average monitoring fees. As a result of these changes, monthly recurring revenues increased 12% in 1999.

Operating profit in 1999 increased to $54.2 million, an increase of $1.2 million as compared to 1998. Primarily as the result of the larger subscriber base, as well as higher average monitoring fees, earnings from monitoring and service activities increased significantly. This was partially offset by higher charges resulting from subscriber disconnects due to an increase in the rate of such disconnects, the higher subscriber base and the higher average subscriber costs of such base. Growth in overall operating profit in 1999 was also negatively affected by a year over year $3.3 million increase in the investment in new subscribers.

BAX Global

The following are tables of selected financial data for BAX Global on a comparative basis:

(In thousands)	Years Ended December 31 2000	1999	1998
Operating revenues:			
Americas (a)	$ 1,236,565	1,243,988	1,181,274
International	917,383	892,362	640,079
Eliminations/other	(56,348)	(52,936)	(44,373)
Total operating revenues	$ 2,097,600	2,083,414	1,776,980
Operating profit (loss):			
Americas (b), (c)	$ (96,182)	75,095	71,120
International (b), (c)	33,205	31,029	18,351
Other (b)	(36,635)	(44,664)	(90,099)
Total segment profit (loss)	$ (99,612)	61,460	(628)
Depreciation and amortization	$ 61,300	40,410	35,287
Capital expenditures	60,147	94,465	75,648

(Dollars in millions)	Years Ended December 31 2000	1999	1998
Worldwide expedited freight services:			
Revenues	$1,724	1,742	1,520
Weight (million pounds)	1,765	1,802	1,616

(a) Includes Intra-US revenue of $604.6 million, $654.5 million and $626.7 million for 2000, 1999 and 1998, respectively.

(b) Expenses associated with major IT projects and certain overhead costs have been reallocated in 1999 from Other to the Americas and International, respectively.

(c) Includes restructuring charges of $54.6 million for Americas and $2.9 million for International for 2000.

BAX Global operates in the Americas and internationally. The Americas includes the domestic and export business of the United States ("US"), Latin America and Canada; International includes BAX Global's European and Asia-Pacific operating regions. Each region includes 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, BAX Global's US business, the region with the largest export volume, significantly impacts the trend of results in BAX Global's worldwide expedited freight services. Non-expedited freight services primarily include supply chain management and ocean freight services. In addition, BAX Global operations include an international customs brokerage business as well as a federally certificated airline, Air Transport International ("ATI"), which was acquired in April 1998. 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 primarily consists of global support costs including global information technology costs and goodwill amortization. In 1998, Other also included additional expenses of approximately $36 million (discussed below).

Over the course of 2000, the operating performance of BAX Global's Americas region was negatively impacted by lower than expected demand and higher transportation, operating and administrative costs relative to that lower demand. As such, BAX Global evaluated alternatives directed at returning its Americas operations to profitability, including ways to improve sales performance and to reduce transportation, operating and administrative expenses.

Through actions taken in the third quarter, employee-related costs were reduced by approximately $8 million on an annualized basis. During the fourth quarter of 2000, BAX Global finalized a restructuring plan aimed at reducing the capacity and cost of its airlift capabilities in the US as well as reducing station operating expenses, sales costs and overhead in the Americas and Atlantic regions, including:

- The removal of 10 planes from the fleet, 9 of which were dedicated to providing lift capacity in BAX Global's commercial cargo system.

- The closure of 9 operating stations and realignment of domestic operations.

- The reduction of employee-related costs at BAX Global and ATI through the elimination of approximately 300 full-time positions including aircraft crew and station operating, sales and business unit overhead positions.

In addition, certain Atlantic region operations were streamlined in order to reduce overhead costs and improve overall performance in that region. The Atlantic region restructuring efforts involved severance costs and station closing costs in the UK, Denmark, Italy and South Africa. Approximately 50 positions were eliminated, most of which were positions at or above manager level.

The Company anticipates annualized savings from the above cost reduction programs to be at least $50 million in 2001, most of which will impact the Americas region.

The following is a summary of the charges incurred in the fourth quarter related to the restructuring:

(In thousands)	Americas Region	Atlantic Region	Total BAX Global
Fleet related charges	$49,702	--	49,702
Severance costs	1,130	1,148	2,278
Station and other closure costs	3,777	1,730	5,507
Total restructuring charge (a)	$54,609	2,878	57,487

(a) Includes noncash charges of $45,180. Substantially all severance costs are expected to be paid out before June 30, 2001. Other cash charges primarily include contractual commitments for aircraft and facilities, approximately two-thirds of which are expected to be paid out during 2001, with the remainder expected to be paid out by the end of 2002.

BAX Global's worldwide operating revenues were $2.1 billion in 2000 and 1999. In 2000, a slight decrease (1%) in the Americas revenues was offset by an increase in the International revenues (3%), when compared to revenues in 1999. Domestic and International fuel surcharges resulted in a small increase in yields for 2000 as compared to 1999. In 2000, BAX Global reported an operating loss of $99.6 million, including the restructuring charge of $57.5 million discussed above, as compared to an operating profit in 1999 of $61.5 million. BAX Global's operating loss of $42.1 million, before the restructuring charge, was primarily due to significantly lower performance in the Americas region which was partially offset by improved International results. The operating profit in 1999 included a benefit of $1.6 million related to 1998 incentive accrual reversals. The majority of that benefit impacted BAX Global's International region.

Revenues in the Americas decreased $7.4 million (1%) in 2000 as compared to 1999. The decrease in revenue was primarily due to a decrease in domestic expedited volume, partially offset by increases in domestic expedited yields resulting primarily from fuel surcharges. In 2000, the Americas reported an operating loss of $96.2 million, including restructuring charges of $54.6 million (as discussed above), compared to an operating profit in 1999 of $75.1 million. The decrease in the operating performance in the Americas region, excluding the effects of the restructuring charges, was primarily due to lower volumes, higher service costs for the fleet of aircraft, higher administrative costs (including $2.8 million related to staff reductions, not included in the restructuring charge) and increases in fuel costs which were not fully covered by fuel surcharges and hedging activities. Operating results in the Americas were also impacted by higher depreciation and amortization expense, reflecting the depreciation associated with higher expenditures on aircraft modifications in 1999 and information systems placed in service in late 1999. The Americas operating results also included a bad debt provision of approximately $4.5 million related to the bankruptcy of a customer during the third quarter of 2000 and a charge of approximately $4 million resulted from the decision in the fourth quarter to cancel a logistics contract with a large customer due to inadequate operating returns. Revenues in 2000 associated with this contract were approximately $18 million.

In 2000, International revenues and operating profit increased $25.0 million (3%) and $2.2 million (7%), respectively, compared to 1999. In 2000, the International operations reported operating profits of $33.2 million which included a restructuring charge of $2.9 million in the Atlantic region (see discussion above). The increase in revenue resulted from growth in the Atlantic and Pacific regions. The increase in operating profit was primarily due to continued growth in the Pacific region from increased supply chain management and transportation services to the high technology industry. Operating profit in 1999 reflected the benefit of approximately $1.3 million relating to the aforementioned reversal of excess incentive accruals.

The increase in eliminations/other revenue was consistent with increased revenues on shipments across national borders. Other operating loss decreased $8.0 million primarily due to lower global administrative expenses.

A supplier that formerly provided the majority of BAX Global's 727 lift capacity and which also operates controlled lift for the freight forwarding community, filed for Chapter 11 bankruptcy protection in May of 2000. Since that time, BAX Global has lessened its dependency on this supplier through a negotiated reduction in lift capacity, which resulted in a decrease in total cost but an increase in the unit cost of its existing lift commitment with the supplier.

During the fourth quarter of 2000, BAX Global's airline subsidiary, ATI, reached agreement with the local union for the International Brotherhood of Teamsters. As of December 31, 2000, approximately 180 cockpit crewmembers were employed by ATI and covered under the agreement.

BAX Global's worldwide operating revenues increased 17% to $2.1 billion in 1999 as compared to $1.8 billion in 1998, with increases in both the Americas and International regions. In 1999, BAX Global reported an operating profit of $61.5 million, as compared to an operating loss in 1998 of $0.6 million. In 1998, BAX Global's operating results were adversely affected by additional expenses of approximately $36 million (see further discussion below). Operating profit in 1999 included the benefit of $1.6 million related to 1998 incentive accruals reversed as a result of a management decision made in the first quarter of 1999. The majority of that benefit impacted BAX Global's International region.

Revenues and operating profit in the Americas increased $62.7 million (5%) and $4.0 million (6%), respectively, in 1999 as compared to 1998. The increase in revenue was primarily due to the inclusion of a full year's performance for ATI, which was acquired in April 1998, and growth in US domestic, Canada and Mexico expedited freight revenue. The increase in US domestic expedited revenue was mainly due to the continued expansion of higher yielding time definite and guaranteed delivery products, partially offset by a slight decrease in domestic expedited volume. The increase in operating profit in the Americas region was largely the result of margin improvements on US domestic freight services which reflected higher time definite and guaranteed delivery product volumes as well as lower US domestic transportation costs.

Lower US domestic transportation costs were favorably impacted by operating efficiencies which primarily resulted from BAX Global's mode-neutral transportation capabilities as well as lower fuel expense due to lower usage and hedging activities, partially offset by higher maintenance costs. The benefits from US domestic margin improvements were partially offset by higher administrative and station expenses, as well as higher operating costs at ATI (included for a full year in 1999, eight months in 1998). In addition, US transportation costs in the first half of 1998 were negatively impacted by service disruptions due to weather delays and equipment problems.

In 1999, International revenues and operating profit increased $252.3 million (39%) and $12.7 million (69%), respectively, compared to 1998. The growth in revenue and operating profit reflected increased expedited freight services revenue (resulting from higher volumes) as well as increased supply chain management services revenue due to new business, primarily in Asia, from several high technology industry customers obtained in late 1998 and early 1999. The growth in expedited revenue also reflected the acquisition of the remaining 67% interest in a freight agent in Taiwan in the first quarter of 1999. In addition, operating profit in 1999 reflected the benefit of the aforementioned reversal of incentive accrual in the amount of $1.3 million, while operating profit in 1998 reflected higher information technology costs in Europe as well as increased provisions for bad debt expense in India.

The increase in eliminations/other revenue was consistent with increased revenues on shipments across national borders. Other operating loss decreased $45.4 million for 1999 as compared to 1998 due in part to the additional expenses of approximately $36 million in 1998. In addition, 1999 reflects higher global administrative expenses primarily due to increases in global head count partially offset by lower global information technology costs.

During 1998, BAX Global incurred additional expenses of approximately $36 million, nearly all of which was recorded in selling, general and administrative expenses. These expenses were comprised of several items. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 121 "Accounting for Long-Lived Assets and Long-Lived Assets to be Disposed Of", BAX Global recorded write-offs for software costs of approximately $16 million. These write-offs consisted of the costs associated with certain in-process software development projects that were canceled and unamortized costs of existing software applications that were determined by management to have no future service potential or value. Provisions aggregating approximately $13 million were recorded on existing receivables during 1998, primarily to reflect the impact of more difficult operating conditions in Asia and Latin America. Approximately $7 million was accrued for severance and other expenses primarily stemming from a realignment of BAX Global's organizational structure. During 1999, BAX Global reversed approximately $0.1 million of the accrued severance representing the unused portion of the initial accrual established at September 30, 1998.

Other Operations

The following is a table of selected financial data for Other Operations on a comparative basis:

	Years Ended December 31		
(In thousands)	2000	1999	1998
Net sales:			
Mineral Ventures	$ 16,633	13,653	15,333
Allied Operations (a)	18,887	11,420	7,999
Total net sales	$ 35,520	25,073	23,332
Operating profit (loss):			
Mineral Ventures	$ (1,629)	(5,306)	(1,031)
Allied Operations (a)	7,343	5,633	6,503
Total segment profit	$ 5,714	327	5,472

Depreciation and amortization	$ 4,929	4,688	3,954
Capital expenditures	5,186	9,317	6,834

Certain prior year amounts have been reclassified to conform to the current year presentation.

(a) Consists of timber and natural gas operations.

The following is a table of selected financial data for Mineral Ventures on a comparative basis:

	Years Ended December 31		
	2000	1999	1998
Stawell Gold Mine:			
Mineral Ventures' 50% direct share:			
Ounces sold	56,719	47,245	46,281
Ounces produced	57,233	47,195	46,749
Average per ounce sold (US$):			
Realization	$ 293	289	330
Cash cost	206	251	212

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 45.1% undiluted (40.1% fully diluted) ownership interest in its joint venture partner MPI.

Mineral Ventures generated net sales during 2000 of $16.6 million, a 22% increase from the $13.7 million reported in 1999. The increase in net sales resulted from a 20% increase in the ounces of gold sold and slightly higher realizations.

Mineral Ventures generated an operating loss of $1.6 million in 2000, compared to a loss of $5.3 million in 1999. The cash cost per ounce of gold sold decreased by 18% from $251 in 1999 to $206 in 2000. During the fourth quarter of 2000, the decision was made to discontinue exploration activities in Nevada. In addition, late in 2000, the Victoria State government denied Stawell gold mine's request for an operating permit for an open pit project, which resulted in the impairment of the capital invested. The operating loss in 2000 was impacted by expenses of $0.4 million associated with the discontinuation of exploration activities in Nevada and a charge of $1.1 million relating to the impairment of the open pit project.

Mineral Ventures generated net sales during 1999 of $13.7 million, an 11% decrease from the $15.3 million reported in 1998. The decrease in net sales resulted from lower realizations partially offset by higher levels of gold ounces sold, which increased from 46.3 thousand ounces to 47.2 thousand ounces in 1999.

Mineral Ventures generated an operating loss of $5.3 million in 1999 compared to a loss of $1.0 million in 1998. The cash cost per ounce of gold sold increased from $212 in 1998 to $251 in 1999. Production costs in 1999 were negatively impacted by a high percentage of low grade ore milled during the first quarter and by inefficiencies resulting from the delay in installation of a ventilation shaft during 1999.

Revenues and operating profit from the Allied Operations increased $7.5 million and $1.7 million, respectively in 2000 as compared to 1999. The higher revenue was due to increases in natural gas prices and revenue from the timber business. The increase in operating profit was due primarily to higher natural gas prices partially offset by start-up costs in the timber business.

Revenues from Allied Operations increased $3.4 million and operating profit decreased $0.9 million in 1999 as compared to 1998. The lower operating profit in 1999 was largely due to lower timber results.

Discontinued Operations

On December 6, 1999, the Company announced its intention to exit the coal business through the sale of the Company's coal mining operations and reserves. Based on progress since that date, the Company has formalized its plan to dispose of those operations by the end of 2001. Accordingly, Coal Operations have been reported as discontinued operations of the Company as of December 31, 2000. The accompanying financial statements and related disclosures for all periods presented have been reclassified accordingly.

The Company's formal plan of disposal includes the sale of all of its active and idle coal mining operations and reserves, primarily in West Virginia, Virginia and Kentucky (including 23 company or contractor operated mines and 6 active plants) as well as other assets, which support those operations. The Company is also planning to sell its partnership interest in a coal port facility in Newport News, Virginia ("DTA"). The Company expects to sell these properties and support operations by December 31, 2001. Net assets to be sold primarily include inventory and property, plant and equipment, net of certain liabilities, primarily reclamation on active properties. Total proceeds from the sale of Coal Operations, which includes cash, the value of future royalties and liabilities transferred, are expected to exceed $100 million.

Net sales and income (loss) from discontinued operations for the years ended December 31, 2000, 1999 and 1998 are as follows:

(In thousands)	2000	1999	1998
Net sales from discontinued operations	$ 401,049	436,683	583,630
Pretax loss from the operations of the discontinued segment	(32,407)	(122,054)	(2,125)
Income tax benefit	(14,172)	(48,663)	(7,008)
Income (loss) from the operations of the discontinued segment, net of tax	(18,235)	(73,391)	4,883
Estimated pretax loss on the disposal of the discontinued segment	(294,229)	--	--
Income tax benefit	(105,088)	--	--
Estimated loss on the disposal of the discontinued segment, net of tax	(189,141)	--	--
Income (loss) from discontinued operations	$(207,376)	(73,391)	4,883

Operating Results

Net sales for all periods presented have been restated to reflect the adoption of Emerging Issues Task Force ("EITF") Issue No. 00-10 "Accounting for Shipping and Handling Fees and Costs". In accordance with EITF No. 00-10, the Company's Coal Operations now report sales and costs charged for certain shipping and handling activities on a gross basis so that such amounts are reflected as a component of net sales and as a component of cost of sales. Previously, such costs were netted against revenues to arrive at net sales. The implementation of EITF No. 00-10 did not impact Coal Operations operating results or net loss since net sales and cost of sales were increased by equal amounts. The increases to net sales and cost of sales for the years ended December 31, 2000, 1999 and 1998 were $47.1 million, $57.2 million and $88.3 million, respectively.

Pretax losses from discontinued operations represent Coal Operations operating losses for all periods presented through December 31, 2000. The operating loss attributable to the discontinued segment for 1999 includes a charge of $82.3 million related to the impairment of long-lived assets and a joint venture interest as well as other mine closure costs, substantially all of which were non-cash. Income tax benefits attributable to the losses from discontinued operations include the benefits of percentage depletion.

Coal revenues for 2000 as compared to 1999 decreased primarily due to a decrease in volumes. In addition, coal sales were impacted by lower realizations per ton due to weaker market conditions. Pretax operating losses for 2000 were $7.4 million lower than 1999 (excluding the 1999 charges of $82.3 million) primarily due to lower selling, general and administrative expenses and lower idled mine costs. These improvements were partially offset by decreases in the gross margin due to lower realizations and higher production costs.

Coal Operations sales decreased $154.9 million in 1999 from 1998, largely as a result of reduced sales volume, which declined 3.9 million tons from the 16.7 million tons sold in 1998. The decline in sales volume resulted from the sale of certain coal assets in West Virginia in early 1998, the closing of a surface mine in Kentucky in late 1998 as well as continued softness in market conditions resulting from weak export markets for metallurgical coal and a strong US dollar relative to the currencies of other coal exporting nations. Excluding the impact of the coal related impairment and other charges of $82.3 million (discussed above), Coal Operations generated an operating loss of $42.1 million in 1999 as compared to $3.6 million in 1998. The lower results were due to a $17.2 million reduction in total coal margin and increases in idle and closed mine costs, inactive employee cost and selling, general and administrative expenses. The operating loss in 1999 included costs associated with salaried staff reductions while the operating loss in the 1998 period included a benefit of approximately $3.2 million related to net gains on the sale of assets and a gain of $2.6 million on the settlement of litigation.

Income tax benefits attributable to the losses from discontinued operations include the benefits of percentage depletion.

Estimated Loss on Disposal

The estimated loss on the disposal of the discontinued segment includes the following:

(In thousands)	Year Ended December 31, 2000

Curtailment and recordation of benefit plans	$(163,307)
Estimated loss on the sale of coal assets	(85,956)
Estimated operating losses during the sale period	(44,966)
Estimated pretax loss on the disposal of the discontinued segment	(294,229)
Income tax benefit	(105,088)
Estimated loss on the disposal of the discontinued segment, net of tax	$(189,141)

The Company recorded a net curtailment loss of $1.6 million comprised of a $6.0 million net curtailment loss on the Company's medical benefit plans and a $4.4 million net curtailment gain on the Company's pension plans. In addition, the Company recorded its obligations under the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") by incurring a one-time charge of $161.7 million, which represents the actuarially determined undiscounted liability for such obligations (discussed in detail below).

Estimates regarding losses on the sale of coal assets of $86.0 million and losses during the sale period of $45.0 million are subject to known and unknown risks, uncertainties and contingencies which could cause actual results 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, demand and competitive factors in the coal industry, the impact of delays in the issuance or the non-issuance of mining permits, the timing of and consideration received for the sale of the coal assets, geological conditions and variations in the spot prices of coal.

On February 10, 1999, the US District Court of the Eastern District of Virginia entered a final judgment in favor of certain of the Company's subsidiaries, ruling that the Federal Black Lung Excise Tax ("FBLET") imposed under Section 4121 of the Internal Revenue Code is unconstitutional as applied to export coal sales and ordering a refund to the subsidiaries. A total of $0.8 million (including interest) was refunded in 1999 for the FBLET that those companies paid for the quarter ended March 31, 1997. The Company has sought refunds of the FBLET it paid on export coal sales for all open statutory periods and expects to receive such refunds for some or all of that tax paid (plus interest) pursuant to a review of claim documentation by the Internal Revenue Service. Due to the uncertainty of the ultimate amounts to be received, which it estimates could range from $12 million to $20 million (pretax), and timing of the FBLET refunds, the Company has not currently recorded a receivable for such amounts in its estimate of operating losses during the sale period. The Company is also pursuing additional claims pending a decision by the US Supreme Court related to another company. The ultimate amounts and timing of such additional refunds, if any, cannot be determined at this time.

Although the Company would not be currently liable for a multi-employer pension plan withdrawal liability associated with its planned exit from the coal business, it could, under certain circumstances, become liable for such obligations during the sale process. Such liability, if any, is subject to several factors, the effects of which cannot be predicted at this time. Those factors include funding and benefit levels of the plans and the ultimate timing and form of the sale transactions. Accordingly, the Company has not recorded a withdrawal liability in the determination of the estimated loss on disposal.

Retained Assets and Liabilities

Certain non-operating assets and liabilities will be retained by the Company, including net working capital (excluding inventory), certain parcels of land, income and non-income tax assets and liabilities, certain inactive employee liabilities primarily for postretirement medical benefits, workers' compensation and black lung obligations, and reclamation related liabilities associated with certain closed coal mining sites in Virginia, West Virginia and Kentucky. In addition, the Company expects to retain its unconditional guarantee of the payment of the principal and premium, if any, on coal terminal revenue refunding bonds (principal amount of $43.2 million) as well as certain other contingent liabilities which are not considered material to the Company.

The following is a summary of the retained assets and liabilities, as of December 31, 2000:

(In thousands)	December 31, 2000
Assets:	
Net working capital	$ 42,383
Property, plant and equipment, net	8,843
Net deferred tax assets	231,621
Liabilities:	
Inactive workers' compensation and black lung obligations	$ 81,733
Retiree medical obligations	425,381
Reclamation liabilities - inactive properties	27,992
Other liabilities (a)	52,904

(a) Includes $43,160 representing accumulated losses on the Company's equity investment in Dominion Terminal Associates which is equal to its unconditional guarantee related to coal terminal revenue refunding bonds.

In addition, the Company expects to have continuing expenses (primarily interest costs on retiree medical obligations) associated with its Coal Operations. Such expenses are currently included in the loss from discontinued operations since they are considered to be compensation costs of the discontinued operations. Beginning in 2002, after the sale of the Company's Coal Operations, these expenses will be a component of the Company's income from continuing operations. Using assumptions in existence as of December 31, 2000, the Company estimates that such expenses will approximate $35 million to $40 million per annum.

In October 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 ("unassigned beneficiaries"), including, in the Company's case, the Pittston Companies 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 the assigned beneficiaries for which the Pittston Companies are responsible under the Health Benefit Act. 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; the statutory authorization to obtain such funds is currently scheduled to cease by 2005. In the determination of the Pittston Companies' ultimate obligation under the Health Benefit Act, such funding has been taken into consideration.

Prior to December 31, 2000, the Company accounted for its obligations under the Health Benefit Act as a participant in a multi-employer benefit plan and thus, recognized the annual cost of these obligations on a pay-as-you-go basis. For 2000, 1999 and 1998, cash payments for such amounts were approximately $9.0 million, $10.4 million and $9.6 million, respectively. Pursuant to its formal plan to exit the coal business, the Company recorded its estimated undiscounted liability relating to such obligations at December 31, 2000 as a $161.7 million onetime charge to the net loss from discontinued operations. Such obligations if discounted at 7.5% would provide a present value estimate of approximately $80 million. The Company currently estimates that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at about the same annual level for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain postretirement health benefits for thousands of additional retired union mine workers and their dependents under plans provided by the Company. Substantially all of the Company's accumulated postretirement benefit obligation for retirees of $325.7 million as of December 31, 2000, relates to such retired workers and their beneficiaries.

The ultimate costs that will be incurred by the Company under the Health Benefit Act and its postretirement medical plans could be significantly affected by, among other things, the rate of inflation for medical costs, changes in the number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted.

The Company acts as self-insurer with respect to almost all black lung benefits. Provision is made for estimated benefits based on annual 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.

Cumulative actuarial gains or losses are calculated periodically and amortized on a straight-line basis. Prior to December 31, 2000, assumptions used in the calculation of the actuarial present value of black lung benefits were based on actual retirement experience of the Company's coal employees, black lung claims incidence, actual dependent information, industry turnover rates, actual medical and legal cost experience and projected inflation rates. As of December 31, 2000, certain assumptions were modified to reflect the planned sale of Coal Operations. As of December 31, 2000 and 1999, the actuarially determined discounted value of estimated future black lung benefits was approximately $47 million and $49 million, respectively. The amount expensed (credited) to operations for federal and state black lung benefits was $5.3 million in 2000, $5.1 million in 1999 and ($0.6) million in 1998. In 1998, the black lung credit was favorably impacted by the amortization of actuarial gains.

The Company has established a Voluntary Employees' Beneficiary Association ("VEBA") which is intended to tax efficiently fund certain retiree medical liabilities primarily for retired coal miners and their dependents. The VEBA may receive partial funding from the proceeds of the planned sale of the Company's coal business as well as other sources over time. The Company contributed $15.0 million to the VEBA in December 1999. As of December 31, 2000, the balance in the VEBA was $15.9 million.

Foreign Operations

A portion of the Company's financial results is derived from activities in well over 100 countries, 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 in any one country may have 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. A subsidiary in Venezuela operates in such a highly inflationary economy. Prior to January 1, 1999, the economy of Mexico, in which the Company has an affiliate and a subsidiary, was considered hyper-inflationary.

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.

Euro

The Company's Brink's and BAX Global subsidiaries have operations in various European countries that are currently in the process of adopting a common currency (the "Euro"). The transition of these countries to the Euro currency began in 1999 and is scheduled to be completed in 2002. To date, Brink's and BAX Global operations have not experienced any significant problems with the Euro currency conversion. Both subsidiaries continue to plan for the remaining milestones in the conversion process, and no material impact on their operations is expected.

Corporate Expenses

In 2000, general corporate expenses totaled $21.3 million compared with $23.0 million and $27.9 million in 1999 and 1998, respectively. Corporate expenses in 1999 included professional fees and expenses of approximately $1.3 million related to the Company's December 6, 1999 announcement to eliminate its tracking stock capital structure. 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.

Interest Expense, Net

Net interest expense totaled $39.2 million in 2000 compared with $34.5 million in 1999 and $34.9 million in 1998. The increase in net interest expense in 2000 as compared to 1999 was primarily due to higher average interest rates and higher average borrowings. Total debt at December 31, 2000 decreased over December 31, 1999 levels. This reduction in debt was primarily due to the sale in December 2000 of an $85.0 million revolving interest in BAX Global's US domestic accounts receivable. Proceeds from the sale were used to reduce year end borrowings under the Company's revolving credit facility. Lower levels of net interest expense in 1999 over 1998 were primarily due to significantly lower interest rates, as well as lower borrowings in Venezuela, which more than offset higher average borrowings under the Company's $350.0 million credit facility with a syndicate of banks.

In October 2000, the Company entered into a $370 million credit agreement with a syndicate of banks to replace the existing $350 million credit agreement that was due to expire in May 2001. Interest costs for 2000 under the new credit agreement were higher than the 1999 costs under the previous credit agreement.

Other Income/Expense, Net

Other expense, net, in 2000 of $3.8 million represented a decrease of $11.2 million from the other income of $7.4 million for 1999, primarily due to a gain in 1999 on the sale of a restricted investment held by BAX Global (discussed below). Other factors increasing expense in 2000 include an increase in minority interest expense (due to improved results of consolidated affiliates) and expenses associated with the sale of accounts receivable at BAX Global.

Other net income in 1999 of $7.4 million represented an increase of $3.6 million over the 1998 income of $3.8 million, primarily due to the previously mentioned gain on the partial sale of a restricted investment held by BAX Global. This gain was partially offset by lower foreign translation gains in 1999. Other net income in 1998 reflects a gain on the sale of a surplus aircraft by BAX Global.

Income Taxes

In 2000, 1999 and 1998, the provision for income taxes from continuing operations was greater than the statutory federal income tax rate of 35% primarily due to goodwill amortization and state income taxes, partially offset by lower taxes on foreign income. In 2000, the $57.5 million BAX Global restructuring charge and lower consolidated pretax income caused non-deductible items (principally goodwill amortization) to be a more significant factor in calculating the effective tax rate. As a result of Coal Operations being reported under discontinued operations, the tax benefits of percentage depletion are no longer reflected in the effective tax rate of continuing operations.

Based on the Company's historical and future 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, 2000.

FINANCIAL CONDITION

Cash From Operating Activities

Cash provided by operating activities from continuing and discontinued operations totaled $364.8 million in 2000, an increase of $35.5 million from the $329.3 million generated during 1999. This increase was attributable to the acceleration of cash flow from working capital that occurred in December 2000 with the sale of an $85.0 million revolving interest in BAX Global's US domestic accounts receivable. Without this transaction, cash provided by operations would have been $49.5 million lower in 2000 than the prior year, primarily reflecting the decline in operating performance at BAX Global, partially offset by higher operating cash flow from the discontinued coal operations. Noncash charges and other write-offs in the consolidated statement of cash flows totaled $47.8 million for 2000, primarily reflecting the write-down of assets as a result of BAX Global's restructuring plan. Depreciation and amortization increased $40.1 million in 2000, due primarily to depreciation on information technology assets placed in service at BAX Global late in 1999, depreciation on additional aircraft modifications completed at ATI in late 1999 and approximately $8 million in amortization of subscriber acquisition costs deferred as part of the cumulative effect of implementing SAB No. 101. Net income for 2000 included deferred income tax credits of $28.0 million, arising primarily from asset write-downs at BAX Global. The cash flow statement also reflects a $27.3 million increase in other assets during 2000, $20.8 million greater than the increase reported in 1999. Approximately $12 million of this increase represents direct BHS subscriber acquisition costs deferred during 2000 under the new accounting method, SAB 101. Cash provided by discontinued coal operations increased $14.3 million, primarily due to a decrease in coal inventory and fluctuations in accounts payable and accrued liabilities. Coal Operations' net loss in 1999 was higher than 2000 due to noncash charges relating to an impairment. Cash provided by discontinued operations for 2000 and 1999 was net of $65.2 million and $61.1 million, respectively, of cash payments for inactive employee benefits and for idle and closed facilities.

Investing Activities

Net cash used in investing activities was $273.7 million in 2000 compared to cash used of $326.8 million in 1999, including $7.4 million used by the discontinued operations. The decrease in net cash used by investing activities of $53.1 million was primarily due to lower capital spending in 2000 versus 1999. Cash capital expenditures for 2000 of $214.4 million were $54.5 million lower than 1999 which totaled $268.9 million. Of the amount of cash capital expenditures, $73.8 million (34%) was spent by Brink's, $74.5 million (35%) was spent by BHS, $60.1 million (28%) was spent by BAX Global and $5.2 million (2%) was spent by Other Operations. Lower cash capital expenditures in 2000 as compared to 1999 were primarily due to lower levels of spending at BHS for customer installations, at BAX Global for aircraft modifications and at Brink's for IT expenditures. Cash capital expenditures in 2001 are currently expected to range from approximately $240 million to $260 million, and an additional amount of approximately $20 million of necessary or committed expenditures relating to the discontinued operations. Expected capital expenditures for 2001 reflect an increase in customer installations at BHS, building improvements at Brink's and increased spending on information technology at BAX Global, partially offset by a decrease in aircraft related expenditures due to the reduction in the fleet of aircraft at ATI. Capital expenditures for the discontinued operations reflect spending in the first half of 2001 to develop a deep mine in order to achieve the expected sales proceeds. The foregoing amounts exclude expenditures that have been or are expected to be financed through capital and operating leases. Aircraft heavy maintenance expenditures for 2000 decreased by $2.5 million as compared to 1999. This decrease was primarily due to increased efforts to control spending.

Net cash flow used in investing activities for 2000 included approximately $2.2 million of cash proceeds relating to the sale of an investment held by the coal operations and $3.9 million was used to fund other acquisitions (primarily at Brink's). Cash flows provided by investing activities in 1999 included the proceeds from the partial sale of a restricted investment more than offset by the initial funding of $15.0 million to the VEBA. In 1998, cash flows from investing activities benefited from additional proceeds from the sale of property, plant and equipment which partially offset the impact of the acquisition of ATI for a purchase price of approximately $29 million.

Financing Activities

Net cash flows used in financing activities were $124.5 million for 2000 compared with cash provided of $44.8 million in 1999. The 1999 level included borrowings used to finance the purchase of a portion of the Company's Preferred Stock (discussed in more detail below). The 2000 level reflected repayments under a bank credit facility (described below) due primarily to the sale of accounts receivable at BAX Global, as well as increased borrowings at December 31, 1999 and repayments of a portion of the debt of Brink's France and Venezuela.

In October 2000, the Company entered into a $370 million bank credit agreement to replace an existing facility that was due to expire in 2001. Under the new agreement, the Company may borrow up to $185 million over a three-year term ending October 3, 2003 and up to $185 million over a one-year term ending October 2, 2001. The Company has the option to borrow on a revolving basis from the group of banks participating in the facility or on a competitive bid basis among the individual banks. For borrowings on a revolving basis, the Company may select either an offshore rate or a base rate. The offshore rate is based on LIBOR plus a margin determined by the Company's credit rating. The base rate is the higher of the prime rate or the federal funds rate plus a margin. The applicable interest rate is increased by 0.125% during any period that amounts outstanding under the facility exceed 50% of the total commitment. The Company also pays a fee of 0.15% on the one-year commitment and 0.175% on the three-year commitment. At December 31, 2000, the Company classified the $59.8 million outstanding under the one-year portion of the credit agreement as long-term debt, reflecting the refinancing of those borrowings with proceeds from a private placement of Senior Notes subsequent to year end, as discussed below.

The previous bank credit facility provided for total borrowings of up to $350 million, consisting of a $100 million term loan and a $250 million revolving credit arrangement. Interest on borrowings under that facility was based, at the Company's option, on either the prime rate, certificate of deposit rate, Eurodollar rate, or money market rate plus a margin determined by the Company's credit rating. The Company also paid a commitment fee on the unused portion of the facility. At December 31, 1999, $100

million was outstanding under the term loan and $185 million was outstanding under the revolving credit portion of the facility.

As mentioned above, in January 2001, the Company completed a $75 million private placement of Senior Notes. The notes are comprised of $55 million of 7.84% Senior Notes, Series A ("Series A notes") due in 2007 and $20 million of 8.02% Senior Notes, Series B ("Series B notes") due in 2008. Interest on the Series A and Series B notes is payable semi-annually and the Company is required to prepay, without penalty, $18.3 million principal of the Series A notes in each of January 2005 and 2006. The Company also has the option to prepay all or a portion of the Series A or Series B notes prior to maturity with a prepayment penalty. The $75 million proceeds from issuance of the Senior Notes were used to repay borrowings under the revolving credit facility.

Both the bank credit agreement and the agreement under which the Senior Notes were issued contain various financial and other covenants. The financial covenants limit the Company's total indebtedness, provide for minimum coverage of interest costs, and require the Company to maintain a minimum level of net worth. The previous bank credit facility also contained various covenants.

Market Risk Exposures

The Company has activities in well over 100 countries and a number of different industries. These operations expose the Company to a variety of market risks, including the effects of changes in foreign currency exchange rates and interest rates. In addition, the Company consumes and sells certain commodities in its businesses, exposing it to the effects of changes in the prices of such commodities. These financial and commodity 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 in any one country may have 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 utilizes various derivative and non-derivative hedging instruments, as discussed below, to hedge its foreign currency, interest rate, and commodity exposures when appropriate. 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 the 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 facts and circumstances in effect at December 31, 2000. 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, primarily including Argentine pesos, Venezuelan bolivars, French francs, Singapore dollars, British pounds 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 that will affect the US dollar value of the underlying debt.

In order to limit the variability of the interest expense on its debt, the Company converts the variable-rate cash flows on a portion of its $185.0 million three year revolving credit facility and its Singapore dollar credit facility 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 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, 2000, a hypothetical 10% change (as a percentage of interest rates on outstanding debt) in the Company's effective interest rate from year-end 2000 levels would change interest expense by approximately $1.1 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 2000 levels would be immaterial to the balance sheet.

Foreign Currency Risk

The Company, through its BAX Global and Brink's operations, 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 well over 100 countries, the Company has not generally entered 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 forty-seven months into the future.

In addition, the Company has net investments in a number of foreign subsidiaries that 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, which was fully repaid in early 2001. All other hedges of net investments in foreign subsidiaries were immaterial to the Company as of December 31, 2000 and 1999. The translation adjustments for hyperinflationary economies in which the Company operates (currently 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 2000 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 2000 results, 2) transactional exposures, and 3) translation of balance sheet equity accounts. The hypothetical effects would be approximately $6.5 million unfavorable for the translation of earnings into US dollars, approximately $3.0 million favorable earnings effect for transactional exposures, and approximately $24.8 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 price movements in these commodities. The derivative contracts are entered into in accordance with guidelines set forth in the Company's hedging policies.

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. In addition, the Company, in some cases, is able to adjust its pricing to partially offset large increases in the cost of the jet fuel. The Company utilizes forward gold sales contracts to fix the selling price on a portion of its forecasted gold sales from the Stawell gold mine. The Company also utilizes forward swap contracts to fix the selling price on a portion of its forecasted natural gas sales from Allied Operations and collar contracts to fix a portion of its forecasted jet fuel costs and forecasted natural gas sales within a specified price range.

The following table represents the Company's outstanding commodity hedge contracts as of December 31, 2000:

(In thousands, except average contract rates)	Notional Amount	Weighted Average Contract Rate	Estimated Fair Value
Forward gold sale contracts (a)	52	$ 277	$ (13)
Forward swap contracts:			
Jet fuel purchases (pay fixed) (b)	12,000	.7588	(134)

Natural gas sales (receive fixed) (c)	2,200	.290	(7,091)
Commodity options:			
Jet fuel purchases (collar) (b)	9,800	.9704/.6982	(266)
Natural gas sales (collar) (c)	1,360	7.7805/4.9512	(347)

(a) Notional amount in ounces of gold.
(b) Notional amount in gallons of fuel.
(c) Notional amount in MMBTUs.

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 future clean-up costs, on an undiscounted basis, using existing technologies to be between $6.0 million and $9.5 million. 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 clean-up estimates have been modified from prior years in light of cost inflation, the application of new technologies and certain assumptions the Company is making with respect to the end use of the property. 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 litigation in 1990, in the United States District Court of 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. The Company was able to conclude settlement with all of its insurers without a trial. Taking into account the proceeds from the settlement with its insurers, 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 have a significant adverse impact on the Company's results of operations or financial position.

Capitalization

Prior to January 14, 2000, the Company had three classes of common stock: Brink's Stock, BAX Stock and Minerals Stock, which were designed to provide shareholders with securities reflecting the performance of the Brink's Group, the BAX Group and the Minerals Group, respectively.

On December 6, 1999, the Company announced that the Board approved the elimination of the tracking stock capital structure by an exchange of all outstanding shares of Minerals Stock and BAX Stock for shares of Brink's Stock. The Exchange took place on January 14, 2000, on which date, holders of Minerals Stock received 0.0817 shares of Brink's Stock for each share of their Minerals Stock; and holders of BAX Stock received 0.4848 shares of Brink's Stock for each share of their BAX Stock. From and after the Exchange Date, Brink's Stock is the only outstanding class of common stock of the Company and continues to trade on the New York Stock Exchange under the symbol "PZB". Prior to the Exchange Date, the Brink's Stock reflected the performance of the Brink's Group only; after the Exchange Date, the Brink's Stock reflects the performance of The Pittston Company as a whole. Shares of Brink's Stock after the Exchange are hereinafter referred to as "Pittston Common Stock".

As a result of the exchange of all outstanding shares of BAX Stock and Minerals Stock for Pittston Common Stock, the Company issued 10,916,367 shares of Pittston Common Stock, which consists of 9,490,227 shares of Pittston Common Stock equal to 100% of the Fair Market Value, as defined, of all BAX Stock and Minerals Stock and 1,426,140 shares of Pittston Common Stock equal to the additional 15% of the Fair Market Value of BAX Stock and Minerals Stock exchanged pursuant to the above-described formula. Of the 10,916,367 shares issued, 10,195,630 shares were issued to holders of BAX Stock and Minerals Stock and 720,737 shares were issued to The Pittston Company Employee Benefits Trust.

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"). See Note 10 for the impact of the Exchange on 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 attributed amount equal to accrued and unpaid dividends, if any, thereon.

In February 2000, under the Company's common share repurchase program, the Board reaffirmed the authority to purchase, from time to time, up to 900,000 shares of Pittston Common Stock, not to exceed an aggregate purchase cost of $22.2 million. The authority to acquire shares remains in effect in 2001. Such shares are to be purchased from time to time in the open market or in private transactions, as conditions warrant. As of December 31, 2000, the Company had the remaining authority to purchase, from time to time, shares of the Convertible Preferred Stock not to exceed an aggregate purchase cost of $5.4 million.

Under the share repurchase programs authorized by the Board, the Company purchased shares in the periods presented as follows:

	Years Ended December 31	
(Dollars in millions, shares in thousands)	2000	1999
Pittston Common Stock:		
Shares	--	N/A
Cost	$ --	N/A
Brink's Stock:		
Shares	N/A	100
Cost	$ N/A	2.5
Convertible Preferred Stock		
Shares	8.1	83.9
Cost	$ 2.2	21.0
Excess carrying amount (a)	$ 1.7	19.2

(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 Consolidated Statement of Operations.

As of December 31, 2000, debt as a percent of capitalization (total debt and shareholders' equity) was 46% compared to 41% at December 31, 1999.

Dividends

The Board intends to declare and pay dividends, if any, on Pittston Common Stock based on the earnings, financial condition, cash flow and business requirements of the Company. At present, the annual dividend rate for Pittston Common Stock is $0.10 per share. In February 2001, the Board declared a cash dividend of $0.025 per share on Pittston Common Stock, payable on March 1, 2001 to shareholders of record on February 20, 2001.

During 1999 and 1998, 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. Since its distribution of Minerals Stock in 1993 and through March 31, 1998, the Company 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. After paying one dividend at an annual rate of $0.10 in early 1999, the Company suspended the payment of the per share dividend on the Minerals Stock.

In 2000 and 1999, dividends paid on the Convertible Preferred Stock amounted to $0.9 million and $1.6 million, respectively. The lower level of cash dividends in 2000 as compared to 1999 and 1998, reflect the repurchase of 0.08 million shares of the Company's Convertible Preferred Stock.

Accounting Changes

Pursuant to guidance issued in Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," by the Securities and Exchange Commission ("SEC") in December 1999, and a related interpretation issued in October 2000, BHS changed its method of accounting for nonrefundable installation revenues and a portion of the related direct costs of acquiring new subscribers (primarily sales commissions and direct marketing expenses). As provided in the guidance, the accounting change was implemented in the fourth quarter of 2000, but made effective as of January 1, 2000. Accordingly, the previously reported results for the first three quarters of 2000 were adjusted to reflect this change. Under the new method, all of the nonrefundable installation revenues and a portion of the related direct costs of subscriber acquisition are deferred and recognized in income over the estimated term of the subscriber relationship. Prior to 2000, BHS charged against earnings as incurred, all marketing and selling costs associated with obtaining new subscribers and recognized as revenue all non-refundable payments received from such subscribers to the extent that costs exceeded such revenues. The Company's results for 2000 include a non-cash, after-tax charge of $52.0 million, ($84.7 million pretax), or $1.04 per diluted share, to reflect the cumulative effect of the accounting change on years prior to 2000. The change decreased operating profit for 2000 by $2.3 million, reflecting a net decrease in revenues of $6.4 million and a net decrease in operating expenses of $4.1 million. Net income for 2000 was reduced by $1.4 million ($0.03 per diluted share).

Forward Looking Information

Certain of the matters discussed herein, including statements regarding the timing and outcome of the sale of the coal assets, expected proceeds from the sale of the coal business, the retention of certain assets and liabilities following the sale of the coal assets, estimated losses on the sale of coal assets and estimated operating losses during the sale period, the highly competitive nature of the air and ocean freight forwarding and supply chain management industries, the amount of proven and probable gold reserves in the Stawell gold mine, the amount of natural gas reserves, the outcome of BAX Global's plans to reduce capacity and cost of its airlift capabilities in the US and to reduce station operating expenses, sales costs and overhead in the Americas and Atlantic regions, the estimated 2001 annualized savings from BAX Global's cost reduction programs, the timing of the payment of charges related to BAX Global's restructuring, the amount and timing of FBLET refunds, costs of long-term benefit obligations including black lung benefits, use of deferred tax assets, projections about market risk, the impact of the Euro on operations at Brink's and BAX Global, projected capital spending, potential gains on the sale of restricted investments, environmental clean-up estimates, Health Benefit Act expenses and the timing of funding and source of funds for the VEBA 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, the parties who purchase the coal business, the market for airplanes, the actual amount of natural gas reserves held by Allied Operations, the actual amount of gold reserves in the Stawell gold mine, the position taken by the Internal Revenue Service with respect to the timing and amount of FBLET refunds, actual retirement experience of the Company's coal employees, black lung claims incidence, actual dependent information, coal industry turnover rates, actual medical and legal costs relating to benefits, inflation rates, overall economic and business conditions, foreign currency exchange rates, the demand for the Company's products and services, the impact of initiatives to control costs and increase profitability, pricing and other competitive industry factors, fuel prices, market conditions for restricted investments, new government regulations and/or legislative initiatives, issuance of permits, judicial decisions, variations in costs or expenses, geological conditions, variations in the spot prices of coal and the ability of counterparties to perform.

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 accounting principles generally accepted in the United States of America. 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 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 consolidated 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 AUDITOR'S REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying consolidated balance sheets of The Pittston Company and subsidiaries (the "Company") as of December 31, 2000 and 1999, and the related consolidated statements of operations, shareholders' equity and other comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2000. 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 auditing standards generally accepted in the United States of America. 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, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for nonrefundable installation revenues and the related direct costs of acquiring new subscribers in 2000 as a result of the implementation of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

As more fully discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for derivative instruments and hedging activities in 1998 as a result of adopting Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."

KPMG LLP
Richmond, Virginia
February 1, 2001

The Pittston Company and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)	December 31 2000	1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 97,751	131,159
Accounts receivable:		
Trade (Note 3)	547,747	637,808
Other	52,174	37,023
	599,921	674,831
Less estimated uncollectible amounts	39,803	36,238
	560,118	638,593
Prepaid expenses and other current assets	57,876	51,530
Deferred income taxes (Note 6)	81,408	50,255
Current assets of discontinued operations (Note 16)	16,473	30,366
Total current assets	813,626	901,903
Property, plant and equipment, at cost (Notes 1, 4 and 13)	1,394,630	1,327,419
Less accumulated depreciation and amortization	563,073	494,234
	831,557	833,185
Goodwill, net of accumulated amortization (Notes 1 and 5)	232,969	238,641
Deferred pension assets (Note 12)	118,381	113,593
Deferred income taxes (Note 6)	229,693	79,569
Other assets	141,936	107,927
Noncurrent assets of discontinued operations (Note 16)	110,547	184,883
Total assets	$ 2,478,709	2,459,701
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings (Note 7)	$ 51,003	90,085
Current maturities of long-term debt (Note 7)	34,378	31,905
Accounts payable	315,956	301,194
Accrued liabilities:		
Taxes	81,951	68,583
Workers' compensation and other claims	35,648	33,544
Payroll and vacation	105,105	84,744
Miscellaneous (Note 12)	270,532	219,556
	493,236	406,427
Current liabilities of discontinued operations (Note 16)	3,734	3,450
Total current liabilities	898,307	833,061
Long-term debt, less current maturities (Note 7)	311,418	392,521
Postretirement benefits other than pensions (Note 12)	401,093	240,770
Workers' compensation and other claims	85,116	87,083
Deferred revenue	123,831	3,804
Deferred income taxes (Note 6)	16,654	16,272
Other liabilities	142,225	115,286
Noncurrent liabilities of discontinued operations (Note 16)	24,242	21,263
Commitments and contingent liabilities (Notes 7, 11, 12, 15, 16 and 18)		
Shareholders' equity (Notes 9 and 10):		
Preferred stock, par value $10 per share,		
Authorized: 2,000 shares $31.25 Series C Cumulative Convertible Preferred Stock		
Issued and outstanding: 2000 - 21 shares; 1999 - 30 shares	214	296
Pittston Brink's Group common stock, par value $1 per share:		
Authorized: 100,000 shares		
Issued and outstanding: 2000 - 51,778 shares; 1999 - 40,861 shares	51,778	40,861
Pittston BAX Group common stock, par value $1 per share:		
Authorized: 1999 - 50,000 shares		
Issued and outstanding: 1999 - 20,825 shares	--	20,825
Pittston Minerals Group common stock, par value $1 per share:		
Authorized: 1999 - 20,000 shares		
Issued and outstanding: 1999 - 10,086 shares	--	10,086
Capital in excess of par value	348,752	341,011
Retained earnings	182,525	443,349
Accumulated other comprehensive loss	(82,020)	(56,528)
Employee benefits trust, at market value (Note 10)	(25,426)	(50,259)
Total shareholders' equity	475,823	749,641
Total liabilities and shareholders' equity	$ 2,478,709	2,459,701

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 2000	1999	1998
Operating revenues	$ 3,798,592	3,684,625	3,228,247
Net sales	35,520	25,073	23,332
Operating revenues and net sales (Note 1)	3,834,112	3,709,698	3,251,579
Costs and expenses (Note 1):			
Operating expenses	3,232,893	3,041,428	2,675,537
Cost of sales	31,345	24,260	18,575
Selling, general and administrative expenses (includes a $15,723 write-off of long-lived assets in 1998)	477,759	457,817	436,378
Restructuring charge (includes a $45,180 write-off of long-lived assets in 2000) (Note 13)	57,487	--	--
Total costs and expenses	3,799,484	3,523,505	3,130,490
Other operating income, net	13,059	10,380	7,350
Operating profit	47,687	196,573	128,439
Interest income	4,177	3,659	4,141
Interest expense	(43,416)	(38,152)	(39,056)
Other income (expense), net (Note 3)	(3,819)	7,423	3,811
Income from continuing operations before income taxes and cumulative effect of change in accounting principle	4,629	169,503	97,335
Provision for income taxes (Note 6)	1,944	61,455	36,162
Income from continuing operations before cumulative effect of change in accounting principle	2,685	108,048	61,173
Discontinued operations (Note 16):			
Income (loss) from operations, net of tax (includes a $23,978 write-off of long-lived assets, a $27,340 impairment of goodwill and $2,165 of mine closure costs in 1999)	(18,235)	(73,391)	4,883
Estimated net loss on disposition, net of tax	(189,141)	--	--
Income (loss) from discontinued operations	(207,376)	(73,391)	4,883
Income (loss) before cumulative effect of change in accounting principle	(204,691)	34,657	66,056
Cumulative effect of change in accounting principle, net of tax (Note 1)	(51,952)	--	--
Net income (loss)	(256,643)	34,657	66,056
Preferred stock dividends, net (Notes 8 and 10)	873	17,621	(3,524)
Net income (loss) attributed to common shares	$ (255,770)	52,278	62,532
Net income (loss) per common share (actual for 2000, pro forma for 1999 and 1998)(Note 8):			
Basic:			
Continuing operations	$ 0.07	2.55	1.18
Discontinued operations	(4.14)	(1.49)	0.10
Cumulative effect of change in accounting principle	(1.04)	--	--
Total basic	$ (5.11)	1.06	1.28
Diluted:			
Continuing operations	$ 0.05	2.19	1.17
Discontinued operations	(4.13)	(1.49)	0.10
Cumulative effect of change in accounting principle	(1.04)	--	--
Total diluted	$ (5.12)	0.70	1.27

The Pittston Company and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)

(In thousands, except per share amounts)	Years Ended December 31 2000	1999	1998
Pittston Brink's Group (Note 1):			
Net income per common share (Note 8):			
Basic	$ N/A	2.16	2.04
Diluted	N/A	2.15	2.02
Pittston BAX Group (Note 1):			
Net income (loss) per common share (Note 8):			
Basic	$ N/A	1.73	(0.68)
Diluted	N/A	1.72	(0.68)
Pittston Minerals Group (Note 1):			
Net income (loss) per common share (Note 8):			
Basic:			
Continuing operations	$ N/A	0.93	(1.01)
Discontinued operations	N/A	(8.26)	0.59
Total basic	$ N/A	(7.33)	(0.42)
Diluted:			
Continuing operations	$ N/A	(0.98)	(1.01)
Discontinued operations	N/A	(7.63)	0.59
Total diluted	$ N/A	(8.61)	(0.42)
Pro forma amounts, assuming the change in accounting principle is applied retroactively:			
Pro forma income from continuing operations	$ 2,685	103,225	54,398
Income (loss) from discontinued operations	(207,376)	(73,391)	4,883
Pro forma net income (loss)	$(204,691)	29,834	59,281
Preferred stock dividends, net (Notes 8 and 10)	873	17,621	(3,524)
Pro forma net income (loss) attributed to common shares	$(203,818)	47,455	55,757
Pro forma net income (loss) per common share			
Basic:			
Continuing operations	$ 0.07	2.46	1.04
Discontinued operations	(4.14)	(1.49)	0.10
Total basic, pro forma	$ (4.07)	0.97	1.14
Diluted:			
Continuing operations	$ 0.05	2.09	1.03
Discontinued operations	(4.13)	(1.49)	0.10
Total diluted, pro forma	$ (4.08)	0.60	1.13

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND OTHER COMPREHENSIVE INCOME

(In thousands, except per share data)	Years Ended December 31 2000	1999	1998
Series C Preferred Stock, $31.25 per share (Note 10)			
Balance, beginning of year	$ 296	1,134	1,138
Retirement of stock under share repurchase program	(82)	(838)	(4)
Balance, end of year	214	296	1,134
Pittston Brink's Group Common Stock			
Balance, beginning of year	40,861	40,961	41,130
Retirement of stock under share repurchase program and other (Note 10)	--	(100)	(169)
Exchange of stock (Note 10)	10,917	--	--
Balance, end of year	51,778	40,861	40,961
Pittston BAX Group Common Stock			
Balance, beginning of year	20,825	20,825	20,378
Shares issued to employee benefits trust/other (Note 10)	--	--	1,494
Retirement of stock under share repurchase program (Note 10)	--	--	(1,047)
Exchange of stock (Note 10)	(20,825)	--	--
Balance, end of year	--	20,825	20,825
Pittston Minerals Group Common Stock			
Balance, beginning of year	10,086	9,186	8,406
Shares issued to employee benefits trust/other (Note 10)	--	900	780
Exchange of stock (Note 10)	(10,086)	--	--
Balance, end of year	--	10,086	9,186
Capital in excess of par value			
Balance, beginning of year	341,011	403,148	430,970
Tax benefit of stock options exercised (Note 6)	105	36	4,766
Shares issued to employee benefits trust (Note 10)	--	563	12,781
Shares released from employee benefits trust (Note 10)	(380)	(1,309)	(13,675)
Remeasurement of employee benefits trust (Note 10)	(8,328)	(21,037)	(25,993)
Retirement of stock under share repurchase programs (Note 10)	(3,814)	(40,288)	(7,024)
Exchange of stock (Note 10)	20,158	--	--
Other	--	(102)	1,323
Balance, end of year	348,752	341,011	403,148
Retained earnings			
Balance, beginning of year	443,349	401,186	359,940
Net income (loss)	(256,643)	34,657	66,056
Retirement of stock under share repurchase programs (Note 10)	1,734	17,732	(10,212)
Dividends declared (Note 10)	(5,871)	(10,328)	(14,032)
Exchange of stock (Note 10)	(44)	--	--
Other	--	102	(566)
Balance, end of year	182,525	443,349	401,186
Accumulated other comprehensive loss			
Balance, beginning of year	(56,528)	(51,865)	(41,762)
Foreign currency translation adjustment, net	(14,075)	(10,736)	(7,125)
Deferred benefit (expense) on cash flow hedges, net	(11,096)	5,849	(3,309)
Other	(321)	224	331
Balance, end of year	(82,020)	(56,528)	(51,865)
Employee benefits trust			
Balance, beginning of year	(50,259)	(88,547)	(134,582)
Shares issued to employee benefits trust (Note 10)	--	(1,463)	(15,081)
Shares released from employee benefits trust (Note 10)	16,700	18,714	35,123
Remeasurement of employee benefits trust (Note 10)	8,328	21,037	25,993
Exchange of stock	(195)	--	--
Balance, end of year	(25,426)	(50,259)	(88,547)
Total shareholders' equity - end of year	$ 475,823	749,641	736,028
Comprehensive income (loss)			
Net income (loss) attributed to common shares	$(255,770)	52,278	62,532
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments, net of tax effect of ($1,049), ($319) and $787	(14,075)	(10,736)	(7,125)
Cash flow hedges:			
Transition adjustment, net of tax effect of $1,960 in 1998	--	--	(3,663)
Net cash flow hedge gains (losses), net of tax effect of $1,787, ($3,562) and $501	(6,264)	8,614	(710)
Reclassification adjustment, net of tax effect of $2,830, $1,449 and ($617)	(4,832)	(2,765)	1,064
Other, net of tax effect of $173, ($110) and ($189)	(321)	224	331
Comprehensive income (loss)	$(281,262)	47,615	52,429

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	2000	1999	1998
	Years Ended December 31		
Cash flows from operating activities:			
Net income (loss)	$(256,643)	34,657	66,056
Adjustments to reconcile (loss) net income to net cash provided by continuing operations:			
Cumulative effect of change in accounting principle, net of tax	51,952	--	--
Estimated loss on disposition of discontinued operations, net of tax	189,141	--	--
Noncash charges and other write-offs	47,771	34	20,133
Depreciation and amortization	188,950	148,853	122,297
Provision for aircraft heavy maintenance	40,245	50,220	39,821
(Credit) provision for deferred income taxes	(28,038)	12,785	(4,307)
Provision for pensions, noncurrent	10,859	8,493	6,913
Provision for uncollectible accounts receivable	22,876	14,706	21,198
Equity in earnings of unconsolidated affiliates, net of dividends received	(3,593)	(3,977)	(880)
Minority interest expense	3,674	911	1,742
(Gain) loss on sales of property, plant and equipment and other assets and investments	110	(9,468)	(5,419)
Other operating, net	12,236	11,332	12,528
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
(Increase) decrease in accounts receivable	40,532	(57,483)	(2,233)
(Increase) decrease in prepaid expenses and other current assets	(4,501)	318	(2,881)
Increase in other assets	(27,306)	(6,482)	(5,718)
Increase in accounts payable and accrued liabilities	11,930	25,384	4,147
Increase in workers' compensation and other claims, noncurrent	2,438	144	1,064
Increase in other liabilities	10,847	9,483	6,824
Other, net	2,713	(73)	(10,078)
Net cash provided by continuing operations	316,193	239,837	271,207
Net cash provided (used) by discontinued operations	48,563	89,434	(39,399)
Net cash provided by operating activities	364,756	329,271	231,808
Cash flows from investing activities:			
Additions to property, plant and equipment	(214,443)	(268,909)	(239,419)
Proceeds from disposal of property, plant and equipment	4,063	8,829	11,952
Aircraft heavy maintenance expenditures	(50,461)	(52,926)	(40,466)
Acquisitions, net of cash acquired, and related contingency payments	(3,880)	(4,066)	(34,521)
Dispositions of other assets and investments	--	9,516	1,711
Discontinued operations, net	(7,446)	(10,507)	11,260
Other, net	(1,515)	(8,719)	(11,497)
Net cash used by investing activities	(273,682)	(326,782)	(300,980)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	(39,182)	4,411	29,734
Additions to debt	461,383	193,777	188,669
Reductions of debt	(539,508)	(121,985)	(110,474)
Repurchase of stock of the Company	(2,162)	(23,494)	(19,437)
Proceeds from exercise of stock options and employee stock purchase plan	630	2,708	8,098
Dividends paid	(5,643)	(9,792)	(13,402)
Other, net	--	(849)	--
Net cash provided (used) by financing activities	(124,482)	44,776	83,188
Net increase (decrease) in cash and cash equivalents	(33,408)	47,265	14,016
Cash and cash equivalents at beginning of year	131,159	83,894	69,878
Cash and cash equivalents at end of year	$ 97,751	131,159	83,894

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 four operating segments and one discontinued segment. The four operating segments are Brink's, Incorporated ("Brink's"), Brink's Home Security, Inc. ("BHS"), BAX Global Inc. ("BAX Global") and Other Operations which consists of Pittston Mineral Ventures ("Mineral Ventures") and the Company's timber and gas operations (collectively, "Allied Operations"). The discontinued segment is Pittston Coal Operations ("Coal Operations").

On December 6, 1999, the Company announced its intention to exit the coal business through the sale of the Company's coal mining operations and reserves. Based on progress to date, the Company has formalized its plan to dispose of those operations by the end of 2001. Coal Operations have been reported as discontinued operations of the Company as of December 31, 2000, and the accompanying financial statements and related disclosures for all periods presented have been reclassified accordingly. No interest expense has been allocated to the discontinued operations.

Prior to January 14, 2000, the Company was comprised of three separate groups - Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group. The Pittston Brink's Group included the Brink's and BHS operations of the Company. The Pittston BAX Group included the BAX Global operations of the Company. The Pittston Minerals Group included the Pittston Coal Company ("Pittston Coal") and Mineral Ventures operations of the Company. Also, prior to January 14, 2000, the Company had 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, the BAX Group and the Minerals Group, respectively.

On December 6, 1999, the Company announced that its Board of Directors (the "Board") approved the elimination of the tracking stock capital structure by an exchange of all outstanding shares of Minerals Stock and BAX Stock for shares of Brink's Stock (the "Exchange"). The Exchange took place on January 14, 2000 (the "Exchange Date"). On the Exchange Date, holders of Minerals Stock received 0.0817 shares of Brink's Stock for each share of their Minerals Stock; and holders of BAX Stock received 0.4848 shares of Brink's Stock for each share of their BAX Stock. See Note 10 for additional information concerning the Exchange. From and after the Exchange Date, Brink's Stock is the only outstanding class of common stock of the Company and continues to trade on the New York Stock Exchange under the symbol "PZB". Prior to the Exchange Date, the Brink's Stock reflected the performance of the Brink's Group only; after the Exchange Date, the Brink's Stock reflects the performance of The Pittston Company as a whole. Shares of Brink's Stock after the Exchange are hereinafter referred to as "Pittston Common Stock".

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. Undistributed earnings of equity affiliates included in consolidated retained earnings approximated $21,900 at December 31, 2000. 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.

Property, Plant and Equipment

Expenditures for routine maintenance and repairs on property, plant and equipment are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is calculated principally on the straight-line method at varying rates depending upon estimated useful lives.

Routine maintenance for aircraft are charged to expense when incurred. Major renewals, betterments and modifications on aircraft are capitalized and amortized over the lesser of the remaining life of the asset or lease term. Scheduled airframe and periodic engine overhaul costs are capitalized when incurred and amortized over the flying time to the next scheduled major maintenance or overhaul date, respectively.

BHS retains ownership of most home security systems installed at subscriber locations. Costs for those systems are capitalized and depreciated over the estimated life of the assets (15 years) and are included in machinery and equipment. However, when an installation is identified for disconnection, the remaining net book value of the system is reserved and charged to depreciation expense.

Intangibles

The excess of cost over fair value of net assets of businesses acquired (i.e. goodwill) is amortized on a straight-line basis over the estimated periods benefited.

The Company evaluates the carrying value of goodwill and other intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of asset value or useful lives. Such events and circumstances that may indicate impairment are a significant long-term decrease in the market value of an asset; a significant change in the extent or manner in which an asset is used; a significant adverse change in legal factors or in the business climate that affects the value of an asset; an accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset; or a current period operating or cash flow loss combined with a history of such losses or a projection that demonstrates such losses will continue. The Company periodically 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, "Accounting for Long-Lived Assets and Long-Lived Assets to be Disposed of". 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.

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 well over 100 countries, 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.

Postretirement Benefits Other Than Pensions

Postretirement benefits other than pensions, except for those established pursuant to the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act"), 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 or during the average remaining life expectancy of inactive participants. Postretirement benefit obligations established by the Health Benefit Act are accounted for in accordance with Emerging Issues Task Force ("EITF") No. 92-13, "Accounting for Estimated Payments in Connection with the Coal Industry Retiree Health Benefit Act of 1992."

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 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. Cumulative actuarial gains or losses are calculated periodically and amortized on a straight-line basis. Prior to December 31, 2000, assumptions used in the calculation of the actuarial present value of black lung benefits were based on actual retirement experience of the Company's coal employees, black lung claims incidence, actual dependent information, industry turnover rates, actual medical and legal cost experience and projected inflation rates. As of December 31, 2000, certain assumptions were modified to reflect the planned sale of Coal Operations. As of December 31, 2000 and 1999, the actuarially determined discounted value of estimated future black lung benefits was approximately $47,000 and $49,000, respectively. The amount expensed (credited) to operations for federal and state black lung benefits was $5,297 in 2000, $5,126 in 1999 and ($598) in 1998. In 1998, the black lung credit was favorably impacted by the amortization of actuarial gains.

Impairment of Long-Lived Assets

The Company reviews its long-lived 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 that the carrying value of 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. Fair market value is determined based on appraisals, sales prices of comparable assets, if available, or estimates of cash flows from operations, discounted at the hurdle rate the company uses for making investment decisions. For purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Computer Software Developed for Internal Use

The costs of computer software developed for internal use are accounted for in accordance with 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.

Derivative Instruments and Hedging Activities

The Company elected to adopt SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" as of October 1, 1998. 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.

SFAS No. 133 requires that all derivative instruments be recorded in the statement of financial position at fair value; the accounting for the gain or loss due to changes in fair value of the derivative instrument depends on whether the derivative instrument qualifies as a hedge. If the derivative instrument does not qualify as a hedge, the gains or losses are reported in earnings when they occur. However, if the derivative instrument qualifies as a hedge, the accounting varies based on the type of risk being hedged.

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.

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. Beginning in 2000, nonrefundable installation revenues and a portion of the related direct costs of acquiring new subscribers (primarily sales commissions and direct marketing expenses) are deferred and recognized over the estimated term of the subscriber relationship, which is generally 15 years. When an installation is identified for disconnection, any unamortized deferred revenues and deferred costs related to that installation are recorded in income at that time. Prior to 2000, BHS charged against earnings as incurred, all marketing and selling costs associated with obtaining new subscribers and recognized as revenue all non-refundable payments received from such subscribers to the extent that costs exceeded such revenues.

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.

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

Pursuant to guidance issued in Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," by the Securities and Exchange Commission ("SEC") in December 1999, and a related interpretation issued in October 2000, BHS changed its method of accounting for nonrefundable installation revenues and a portion of the related direct costs of acquiring new subscribers (primarily sales commissions and direct marketing expenses). As provided in the guidance, the accounting change was implemented in the fourth quarter of 2000, but made effective as of January 1, 2000. Accordingly, the previously reported results for the first three quarters of 2000 were adjusted to reflect this change. Under the new method, all of the nonrefundable installation revenues and a portion of the related direct costs of subscriber acquisition are deferred and recognized in income over the estimated term of the subscriber relationship. Prior to 2000, BHS charged against earnings as incurred, all marketing and selling costs associated with obtaining new subscribers and recognized as revenue all non-refundable payments received from such subscribers to the extent that costs exceeded such revenues. The Company's results for 2000 include a non-cash, after-tax charge of $51,952 ($84,676 pretax), or $1.04 per diluted share, to reflect the cumulative effect of the accounting change on years prior to 2000. The cumulative effect charge was comprised of a net deferral of $121,130 of revenues and $36,454 of customer acquisition costs. The change decreased operating profit for 2000 by $2,325, reflecting a net decrease in revenues of $6,447 and a net decrease in operating expenses of $4,122. Net income for 2000 was reduced by $1,426 ($0.03 per diluted share). BHS revenues for 2000 include $19,592 amortization of amounts deferred as part of the cumulative effect adjustment.

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.

Other

A subsidiary of the Company is a member of the SITA Foundation ("SITA") whose principal asset is its equity interest in Equant, N.V. (NYSE: ENT). In November 1999, SITA sold a portion of its interest in Equant and distributed the proceeds on a pro rata basis to members that elected to participate in the secondary offering. Pursuant to such sale, the Company redeemed approximately one-third of its depository certificates resulting in a gain of approximately $8,300. As of December 31, 2000, the Company holds approximately 188,000 depository certificates that may become redeemable for cash. The Company's remaining investment in these depository certificates is restricted since the Company may only liquidate its depository certificates, when and if, SITA sells its shares of Equant and, then, only to the extent that SITA sells its interest. Due to the restricted nature of this investment, it has no readily determinable fair value and is carried at cost on the Company's balance sheet. During the year ended December 31, 2000, shares of Equant traded at high and low prices of $132.00 and $23.75, respectively. In November 2000, Equant announced its intent to acquire a portion of Global One from France Telecom (NYSE: FTE) in exchange for newly issued Equant shares. Under an agreement between France Telecom, Equant and SITA, France Telecom would purchase SITA's interest in Equant in exchange for shares in France Telecom. Such shares, or the proceeds from the sale of such shares, are expected to be made available for distribution to SITA's members. The transaction is expected to be completed in the first half of 2001, although a number of conditions must be satisfied before the transaction may be completed.

Derivative Financial Instruments and Hedging Activities

The Company has activities in well over 100 countries, which exposes it to the effects of changes in foreign currency exchange rates. The Company operates in several different industries, which also exposes it to the effect of changes in commodity prices. In addition, due to the Company's financing activities, it is exposed to the effects of changes in interest rates. 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 when appropriate. 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 the 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. No material amounts related to hedge ineffectiveness were recognized in earnings during the periods presented. The Company does not use derivative instruments for purposes other than hedging.

Cash-flow hedges

Interest Rate Risk Management

The Company uses primarily variable-rate debt denominated in US dollars and foreign currencies to finance its operations. In particular, it has variable-rate long-term debt under the $370,000 credit facility (see Note 7). This debt obligation exposes the Company to variability in interest expense due to changes in interest rates. 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.

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 $40,000. These swaps change the variable-rate cash flows on a portion of the $185,000 three-year revolving credit facility, to fixed-rate cash flows. The two swaps outstanding at December 31, 2000 were in the face amount of $20,000 of debt each and fixed the interest rate at 5.839% and 5.855%. These swaps mature in May 2001.

In addition, the Company has a Singapore dollar denominated interest rate swap with an amortizing notional value which was the equivalent of US $6,000 until April 2000 at which point it amortized down to the equivalent of US $3,000 until it expires in April 2001. This swap changes the variable-rate cash flows on a portion of the Company's Singapore dollar denominated credit facility to fixed-rate cash flows at 2.90% versus 3 month SIBOR (2.88%).

Changes in the fair value, to the extent effective, of interest rate swaps designated as hedges 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. Under conditions existing at December 31, 2000, net gains of approximately $113 (pretax, which approximates fair value) related to the interest rate swaps would be reclassified from accumulated other comprehensive income into interest expense as a yield adjustment of the hedged debt obligation during 2001.

Foreign Currency Risk Management

The Company, through its BAX Global and Brink's operations, 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 well over 100 countries, the Company has not generally entered into foreign exchange hedges to mitigate these exposures. However, from time to time, the Company utilizes foreign currency forward contracts to minimize the variability in cash flows due to foreign currency risks. These contracts are denominated in various foreign currencies, primarily the Euro, the British pound and the Australian dollar. Exposure to foreign currency risk is primarily concentrated in the activities of its international finance company and the operations of a portion of its Mineral Ventures business.

The Company's international finance company provides cost effective financial services to its international subsidiaries, and as such, is primarily exposed to Euro and British pound currency risks. This company utilizes foreign currency forward contracts to hedge the variability in cash flows resulting from these exposures for up to three months in the future.

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. 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.

Under conditions existing at December 31, 2000, losses of approximately $255 (pretax, which approximates fair value) related to foreign currency forward contracts would be reclassified from accumulated other comprehensive income to expense during 2001. As of December 31, 2000, 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.

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 price movements in these commodities. The derivative contracts are entered into in accordance with guidelines set forth in the Company's hedging policies.

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. 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. In addition, the Company, in some cases, is able to adjust its pricing to partially offset large increases in the cost of the jet fuel. The option contracts, which involve either purchasing call options and simultaneously selling put options (collar strategy) or just 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, 2000, the outstanding notional amount of forward purchase contracts and commodity options (collar) for jet fuel totaled 21,800 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, 2000, 52 ounces of gold, representing approximately 23% of the Company's share of Stawell's proven and probable reserves, were sold forward under forward gold contracts.

Changes in the fair value, to the extent effective, 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, 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 and natural gas contracts, the gains and losses are reclassified into earnings, as a component of revenue, in the same period as the gold or natural gas sales affect earnings.

Under conditions existing at December 31, 2000, losses of approximately $400 (pretax, which approximates fair value) related to jet fuel purchase contracts would be reclassified from accumulated other comprehensive income into cost of sales during 2001. Under conditions existing at December 31, 2000, net gains of approximately $147 (pretax) related to gold sales and losses of $7,787 (pretax, which approximates fair value) related to natural gas sales would be reclassified from accumulated other comprehensive income into revenue during 2001. At December 31, 2000, the fair value of such gold contracts was immaterial.

As of December 31, 2000, the maximum length of time over which the Company was hedging its exposure to the variability in future cash flows associated with jet fuel purchases was twelve months. As of December 31, 2000, the maximum length of time over which the Company is hedging its exposure to the variability in future cash flows associated with gold and natural gas sales was forty-seven and fifteen months, respectively.

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 is 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. Such obligations were fully repaid in early 2001.

For the year ended December 31, 2000, approximately $707 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

In December 2000, BAX Global entered into a five-year agreement to sell a revolving interest in BAX Global's U.S. domestic accounts receivable through a commercial paper conduit program. The accounts receivable are initially sold, without recourse, to a wholly-owned, special-purpose subsidiary of BAX Global. The subsidiary then sells an undivided interest in the entire pool of accounts receivable to a bank-sponsored conduit entity. The conduit issues commercial paper to finance the purchase of its interest in the receivables. Under the program, BAX Global may sell up to a $90,000 interest in the receivables pool to the conduit. During the term of the agreement, the conduit's interest in daily collections of accounts receivable is reinvested in newly-originated receivables. At the end of the five-year term, or in the event certain circumstances cause an early termination of the program, the daily reinvestment will be discontinued and collections will be used to pay down the conduit's interest in the receivables pool. BAX Global's special-purpose subsidiary effectively retains the credit risk associated with the underlying receivables and pays the conduit a discount based on the conduit's borrowing cost plus incremental fees. BAX Global is the designated servicer of the receivables pool and is responsible for collections, reinvestment, and periodic reporting to the conduit.

At the closing date, BAX Global sold an $85,000 revolving interest in the accounts receivable to the conduit. Proceeds from the sale were used to reduce borrowings under BAX Global's revolving credit facility. The transaction is accounted for as a sale of accounts receivable under SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At December 31, 2000, the receivables pool totaled $124,260 and the revolving interest sold remained at $85,000. Because the receivables are trade accounts with an average collection period of 35 to 40 days, the fair value of the Company's retained interest in the receivables approximates carrying value, less an allowance for uncollectible accounts. BAX Global's retained interest is reported as trade accounts receivable in the consolidated balance sheet. The discount, incremental fees, and provision for uncollectible accounts are reported as a loss on sale of accounts receivable in other income (expense) in the consolidated statement of operations. Losses on the initial sale to the conduit and subsequent revolving period sales through December 31, 2000 totaled $647, including a $79 provision to cover estimated credit losses on the receivables. The Company has not recorded a servicing asset or liability because it believes the servicing compensation BAX Global receives is representative of market rates and because the average servicing period for trade accounts receivable approximates one month.

SFAS No. 140, which carries the same title as SFAS No. 125, was issued in September 2000 and replaces SFAS No. 125 in its entirety. SFAS No. 140 is effective for transfers of financial assets occurring after March 31, 2001, but does not significantly change the guidance governing the BAX Global accounts receivable sale. Certain disclosure provisions of SFAS No. 140 were effective in December 2000 and have been incorporated above.

For each of the years in the three-year period ended December 31, 2000, 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. Due to the recourse provisions, these transactions were accounted for as transfers of the receivables, resulting in the receivable balances remaining on the balance sheet with a corresponding short-term obligation. In 2000 and 1999, total coal receivables of $4,005 and $22,247, respectively, were transferred under such agreements. As of December 31, 2000 and 1999, receivables transferred which remained to be collected totaled $1,920 and $15,121, respectively (see Note 7).

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consists of the following:

	As of December 31 2000	1999
Machinery and equipment	$1,090,366	1,032,987
Buildings	225,417	221,016
Capitalized software	29,283	27,413
Land	49,564	46,003
Total	$1,394,630	1,327,419

The estimated useful lives for property, plant and equipment are as follows:

	Years
Machinery and equipment	3 to 20
Buildings	10 to 40
Capitalized software	3 to 7

Depreciation of property, plant and equipment aggregated $170,028 in 2000, $138,035 in 1999 and $112,820 in 1998.

Changes in capitalized costs for BHS home security systems included in machinery and equipment were as follows:

	Years Ended December 31		
	2000	1999	1998
Capitalized security system costs- beginning of year	$ 249,506	217,595	172,792
Capitalized cost of security systems installed during the year	69,545	78,234	77,460
Depreciation, including amounts recognized to reserve capitalized costs of security systems disconnected during the year	(50,767)	(46,323)	(32,657)
Capitalized security system costs- end of year	$ 268,284	249,506	217,595

New BHS subscribers were approximately 82 thousand in 2000, 105.6 thousand in 1999 and 113.5 thousand in 1998.

The Company recorded charges in 2000 and 1998 to reflect the impairment of certain property, plant and equipment related to its continuing operations. In 2000, certain aircraft-related assets were written down to fair value pursuant to BAX Global's restructuring plan (see Note 13). The write-down is included in the restructuring charge in the Company's 2000 operating results. During 1998, the Company recorded write-offs of approximately $16,000 for software costs included in property, plant and equipment. These write-offs consisted of the costs associated with certain in-process software development projects that were canceled and unamortized costs of existing software applications which were determined by management to have no future service potential or value. Such write-offs are included in selling, general and administrative expenses in the Company's 1998 results of operations.

5. INTANGIBLES

Intangible assets consist almost entirely of the excess of cost over fair value of net tangible and identifiable intangible assets of businesses acquired (i.e. goodwill). Goodwill is net of accumulated amortization of $120,381 and $112,444 at December 31, 2000 and 1999, respectively. The estimated useful life of goodwill is generally forty years. Amortization of goodwill aggregated $9,451 in 2000, $9,850 in 1999 and $9,113 in 1998.

In 1999, the Company finalized certain of the preliminary purchase price allocations related to several 1998 acquisitions, which resulted in additional goodwill of $13,008. During 2000 and 1999, the Company made certain acquisitions, none of which were considered material.

6. INCOME TAXES

The provision (credit) for income taxes from continuing operations consists of the following:

	US Federal	Foreign	State	Total
2000:				
Current	$ 632	25,650	3,700	29,982
Deferred	(14,200)	(8,852)	(4,986)	(28,038)
Total	$(13,568)	16,798	(1,286)	1,944
1999:				
Current	$ 16,443	28,775	3,452	48,670
Deferred	23,019	(11,775)	1,541	12,785
Total	$ 39,462	17,000	4,993	61,455

1998:				
Current	$ 16,344	20,625	3,500	40,469
Deferred	3,946	(8,278)	25	(4,307)
Total	$ 20,290	12,347	3,525	36,162

The significant components of the deferred tax expense (benefit) from continuing operations were as follows:

	Years Ended December 31		
	2000	1999	1998
Net operating loss carryforwards	$(24,101)	(7,683)	(7,142)
Alternative minimum tax credits	(8,163)	(2,710)	(7,626)
Change in the valuation allowance for deferred tax assets	1,800	1,500	1,400
Other deferred tax expense	2,426	21,678	9,061
Total	$(28,038)	12,785	(4,307)

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, 2000 and December 31, 1999 were as follows:

	2000	1999
Deferred tax assets:		
Accounts receivable	$ 9,605	11,369
Postretirement benefits other than pensions	159,118	105,896
Workers' compensation and other claims	37,818	38,844
Other assets and liabilities	107,542	87,864
Estimated loss on coal assets	49,731	--
Net operating loss carryforwards	67,298	32,802
Alternative minimum tax credits	44,329	36,061
Deferred revenue	53,913	5,985
Valuation allowance	(9,000)	(7,200)
Total deferred tax assets	520,354	311,621
Deferred tax liabilities:		
Property, plant and equipment	109,888	79,846
Prepaid assets	22,351	--
Pension assets	39,969	45,239
Other assets	13,339	19,589
Investments in foreign affiliates	6,000	6,000
Miscellaneous	34,360	47,395
Total deferred tax liabilities	225,907	198,069
Net deferred tax asset (a)	$ 294,447	113,552

(a) Deferred tax assets and liabilities related to discontinued operations, which the Company expects to retain, are reflected in the above table.

The valuation allowance relates to deferred tax assets in certain foreign 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, net of the valuation allowance, at December 31, 2000.

The following table accounts for the difference between the actual tax provision from continuing operations and the amounts obtained by applying the statutory US federal income tax rate of 35% in 2000, 1999 and 1998 to the income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principle. As a result of Coal Operations being reported under discontinued operations, the tax benefits of percentage depletion are no longer reflected in the effective tax rate of continuing operations.

	Years Ended December 31		
	2000	1999	1998
Income (loss) from continuing operations before income taxes and accounting change:			
United States	$(65,052)	109,243	50,101
Foreign	69,681	60,260	47,234
Total	$ 4,629	169,503	97,335
Tax provision computed at statutory rate	$ 1,620	59,326	34,067
Increases (reductions) in taxes due to:			
State income taxes (net of federal tax benefit)	(836)	3,257	2,292
Goodwill amortization	2,175	2,306	2,215
Difference between total taxes on foreign income and the US federal statutory rate	(2,742)	(3,741)	(2,484)
Change in the valuation allowance for deferred tax assets	1,800	1,500	1,400
Miscellaneous	(73)	(1,193)	(1,328)
Actual tax provision	$ 1,944	61,455	36,162

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, 2000 and 1999, the unrecognized deferred tax liability for temporary differences of approximately $104,377 and $72,911, 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 $36,532 and $25,519, respectively.

The Company and its domestic subsidiaries file a consolidated US federal income tax return.

As of December 31, 2000, the Company had $44,329 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, 2000 was $67,298 and related to US federal and various state and foreign taxing jurisdictions. The gross amount of such net operating losses was $299,980 as of December 31, 2000. The expiration periods primarily range from 5 years to an unlimited period.

7. LONG-TERM DEBT

Long-term debt consists of the following:

	As of December 31 2000	1999
Senior obligations:		
US dollar revolving credit notes due 2001 (year-end rate 7.51% in 2000)	$ 59,800	--
US dollar revolving credit notes due 2003 (year-end rate 7.64% in 2000)	185,000	--
US dollar term loan retired in 2000 (year-end rate 6.52% in 1999)	--	100,000
US dollar revolving credit notes retired in 2000 (year-end rate 6.69% in 1999)	--	185,000
Argentine revolving credit facility due in 2002 (year-end rate 12.44% in 2000 and 11.40% in 1999)	14,939	14,496
Venezuelan bolivar term loan due 2003 (year-end rate 27.59% in 2000 and 28.50% in 1999)	7,150	12,536
Netherlands guilder term loan retired in 2000 (year-end rate 3.46% in 1999)	--	9,588
Singapore dollar term loan due 2003 (year-end rate 3.19% in 2000 and 3.38% in 1999)	5,769	9,006
5% amortizing French franc seller's note retired in 2001	--	8,442
British pound medium term loan facility retired in 2000 (year-end rate 6.57% in 1999)	--	8,091
All other	19,918	21,981
	292,576	369,140
Obligations under capital leases (average rate 7.09% in 2000 and 6.90% in 1999) (Note 11)	18,842	23,381
Total long-term debt, less current maturities	311,418	392,521
Current maturities of long-term debt:		
Senior obligations	26,003	22,317
Obligations under capital leases (Note 11)	8,375	9,588
Total current maturities of long-term debt	34,378	31,905
Total long-term debt including current maturities	$345,796	424,426

Minimum repayments of long-term debt for years 2001 through 2005 total $34,378, $31,783, $262,818, $6,401 and $3,372, respectively.

In October 2000, the Company entered into a $370,000 bank credit agreement to replace an existing facility that was due to expire in 2001. Under the new agreement, the Company may borrow up to $185,000 on a revolving basis over a three-year term ending October 3, 2003 and up to $185,000 on a revolving basis over a one-year term ending October 2, 2001. The Company has the option to borrow based on an offshore rate, a base rate, or a competitive bid among the individual banks. The offshore rate is based on LIBOR plus a margin determined by the Company's credit rating. The base rate is the higher of the prime rate or the federal funds rate plus a margin, and the competitive bid option is reflective of the federal funds rate plus a margin. The applicable interest rate is increased by 0.125% during any period that amounts outstanding under the facility exceed 50% of the total commitment. The Company also pays a fee of 0.15% on the one-year commitment and 0.175% on the three-year commitment. At December 31, 2000, the Company classified the $59,800 outstanding under the one-year portion of the credit agreement as long-term debt, reflecting the refinancing of those borrowings with proceeds from a private placement of Senior Notes subsequent to year end, as discussed below.

The previous bank credit facility provided for total borrowings of up to $350,000, consisting of a $100,000 term loan and a $250,000 revolving credit arrangement. Interest on borrowings under that facility was based, at the Company's option, on either the prime rate, certificate of deposit rate, Eurodollar rate, or money market rate plus a margin determined by the Company's credit rating. The Company also paid a commitment fee on the unused portion of the facility. At December 31, 1999, $100,000 was outstanding under the term loan and $185,000 was outstanding under the revolving credit portion of the facility.

In January 2001, the Company completed a $75,000 private placement of Senior

Notes. The notes are comprised of $55 million of 7.84% Senior Notes, Series A ("Series A notes") due in 2007 and $20 million of 8.02% Senior Notes, Series B ("Series B notes") due in 2008. Proceeds from the notes were used to repay borrowings under the bank credit facility. Interest on the notes is payable semiannually, and the Company is required to prepay, without penalty, $18,333 principal of the Series A notes in each of January 2005 and 2006. The Company also has the option to prepay all or a portion of the Series A or Series B notes prior to maturity with a make whole provision.

Both the bank credit agreement and the agreement under which the Senior Notes were issued contain various financial and other covenants. The financial covenants limit the Company's total indebtedness, provide for minimum coverage of interest costs, and require the Company to maintain a minimum level of net worth. The previous bank credit facility also contained various covenants.

The Company has two interest rate swap agreements that effectively convert the interest on $40,000 of borrowings under the three-year portion of its bank credit facility to fixed rates. In addition, the Company has an interest rate swap agreement that effectively converts a portion of the interest on its Singapore dollar term loan to fixed rates (see Note 2).

The Company has a $15,000 revolving credit facility relating to its Brink's operations in Argentina. The facility, which expires in June 2002, provides for interest at LIBOR plus a margin or at local Argentine rates and requires a commitment fee of 0.125% on the unused portion. Long-term debt at December 31, 2000 and 1999 included $14,939 and $14,496, respectively, outstanding under the facility.

At December 31, 2000 and 1999, a majority owned subsidiary of Brink's had outstanding term loans with Venezuelan banks to provide financing for its operations in that country. The loan outstanding at December 31, 2000 was entered into during 2000 and replaced a previous loan that matured. The loan agreement requires principal payments in installments through 2003 and bears interest based on the corporate rate charged by banks in Venezuela. At December 31, 2000 and 1999, loan balances outstanding in Venezuelan bolivars were the equivalent of US $7,150 and US $12,536, respectively.

The Company has a term loan agreement with a major US bank to finance BAX Global warehouse facilities in Singapore. The facility provides for interest based on various rate alternatives, including rates based on LIBOR and SIBOR (Singapore Inter-Bank Offered Rate) and a base rate as defined in the agreement. At December 31, 2000 and 1999, the balances outstanding in Singapore dollars were the equivalent of US $5,769 and US $9,006, respectively.

Various foreign subsidiaries maintain lines of credit and overdraft facilities with a number of banks aggregating approximately $155,000, including both secured and unsecured arrangements. Amounts outstanding under these agreements are included in short-term borrowings. At December 31, 2000, borrowings totaled $49,083 at an average interest rate of 9.6%. At December 31, 1999, borrowings totaled $74,964 at an average interest rate of 10.4%. Commitment fees paid under these agreements are not significant.

At December 31, 2000, the Company had outstanding unsecured letters of credit totaling $58,157. These letters of credit primarily support the Company's obligations under various self-insurance programs, credit facilities, and aircraft lease obligations.

The Company has agreements with financial institutions under which it sells certain accounts receivable generated by its Coal Operations. Under certain of the agreements, the receivables are sold with recourse. Short-term borrowings at December 31, 2000 and 1999 include $1,920 at an interest rate of 7.09% and $15,121 at an interest rate of 5.61%, respectively. The Company will retain these obligations after the sale of its Coal Operations and expects to repay them as the receivables are collected over a period of less than one year.

8. NET INCOME PER SHARE

Basic and diluted net income (loss) per share for 1999 and prior are considered to be pro forma as prior to 2000 the Company had three classes of common stock outstanding (Note 1). The following is a reconciliation between the calculations of basic and diluted net income (loss) per share:

	Years Ended December 31		
The Company	2000	1999	1998
Numerator:			
Income from continuing operations before accounting change	$ 2,685	108,048	61,173
Convertible Preferred Stock dividends, net	873	17,621	(3,524)
Basic income from continuing operations per share numerator	3,558	125,669	57,649
Discontinued operations:			
Income (loss) from operations, net of tax	(18,235)	(73,391)	4,883
Estimated loss on disposal, net of tax	(189,141)	--	--
Cumulative effect of change in accounting principle, net of tax	(51,952)	--	--
Basic net income (loss) per share numerator	(255,770)	52,278	62,532

The Company	2000	1999	1998
	Years Ended December 31		
Basic income from continuing operations before accounting change	$ 3,558	125,669	57,649
Effect of dilutive securities:			
Convertible Preferred Stock dividends, net	(873)	(17,621)	--
Diluted income from continuing operations per share numerator	2,685	108,048	57,649
Discontinued operations:			
Income (loss) from operations, net of tax	(18,235)	(73,391)	4,883
Estimated loss on disposal, net of tax	(189,141)	--	--
Cumulative effect of change in accounting principle, net of tax	(51,952)	--	--
Diluted net income per share numerator	$(256,643)	34,657	62,532
Denominator: (a)			
Basic weighted average common shares outstanding	50,059	49,113	48,766
Effect of dilutive securities:			
Stock options	52	155	484
Convertible Preferred Stock	35	59	--
Diluted weighted average common shares outstanding	50,146	49,327	49,250

(a) Actual for 2000, pro forma for 1999 and 1998.

For purposes of calculating the Company's pro forma basic weighted average common shares outstanding for 1999 and prior, the basic weighted average common shares outstanding for BAX Stock and Minerals Stock were converted into shares of Pittston Common Stock by multiplying such average shares outstanding by the respective exchange ratios referred to in Note 1. Included in the Company's pro forma diluted weighted average common shares outstanding are common stock equivalents from pro forma converted weighted average stock options and pro forma converted weighted average Convertible Preferred Stock to the extent that such conversions are dilutive. Pro forma converted weighted options are calculated by multiplying those weighted options having an exercise price less than the average fair market value for Brink's Stock, BAX Stock and Minerals Stock by the respective exchange ratios. Converted exercise prices related to these converted weighted options are calculated by dividing the exercise price of Brink's Stock, BAX Stock and Minerals Stock by the respective exchange ratios. Converted weighted Convertible Preferred Stock is calculated by multiplying the pro forma weighted average Convertible Preferred Stock by the Minerals exchange ratio. See Notes 1 and 10 for additional information.

Not included in the Company's pro forma diluted net income per share calculations for 1999 and 1998 are converted options to the extent that such conversions are antidilutive. Converted options are calculated by multiplying those options having an exercise price greater than the average fair market value for Brink's Stock, BAX Stock and Minerals Stock by the respective exchange ratios. Converted exercise prices related to these converted options are calculated by dividing the exercise price of Brink's Stock, BAX Stock and Minerals Stock by the respective exchange ratios.

Options for 2000 and pro forma options for 1999 and 1998 to purchase 3,064, 2,612 and 1,154 shares of Pittston Common Stock, at prices between $16.19 and $315.06 per share, $19.09 and $315.06 per share and $30.61 and $315.06 per share, were outstanding during 2000, 1999 and 1998, respectively, but were not included in the computation of diluted net income (loss) per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

The conversion of preferred stock to 144 shares of Pittston Common Stock has been excluded in the computation of diluted net income per share in 1998 because the effect of the assumed conversion would be antidilutive.

The shares of Pittston Common Stock held in The Pittston Company Employee Benefits Trust ("Trust") are subject to the treasury stock method and effectively are not included in the basic and diluted net income (loss) per share calculations. As of December 31, 2000, 1,279 shares of Pittston Common Stock (2,293 and 3,040 pro forma shares in 1999 and 1998, respectively) remained in the Trust (see Note 10).

The following is a reconciliation between the calculations of basic and diluted net income per share:

Brink's Group	1999	1998
	Years Ended December 31	

Numerator:		
Net income - Basic and diluted net income per share numerator	$84,209	79,104
Denominator:		
Basic weighted average common shares outstanding	39,059	38,713
Effect of dilutive securities:		
Stock options	143	442
Diluted weighted average common shares outstanding	39,202	39,155

Options to purchase 1,444 and 356 shares of Brink's Stock, at prices between $25.57 and $39.56 per share and $37.06 and $39.56 per share, were outstanding during 1999 and 1998, respectively, but were not included in the computation of diluted net income per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

The shares of Brink's Stock held in the Trust are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations. As of December 31, 1999 and 1998, 1,573 and 2,076 shares, respectively, remained in the Trust (see Note 10).

The following is a reconciliation between the calculations of basic and diluted net income (loss) per share:

BAX Group	Years Ended December 31 1999	1998
Numerator:		
Net income (loss)-Basic and diluted net income (loss) per share numerator	$33,223	(13,091)
Denominator:		
Basic weighted average common shares outstanding	19,241	19,333
Effect of dilutive securities:		
Stock options	24	--
Diluted weighted average common shares outstanding	19,265	19,333

Options to purchase 2,263 shares of BAX Stock at prices between $9.41 and $27.91 per share, were outstanding during 1999 but were not included in the computation of diluted net income per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

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.

The shares of BAX Stock held in the Trust are subject to the treasury stock method and effectively are not included in the basic and diluted net income (loss) per share calculations. As of December 31, 1999 and 1998, 1,350 and 1,858 shares, respectively, remained in the Trust (see Note 10).

The following is a reconciliation between the calculations of basic and diluted net income (loss) per share:

Minerals Group	Years Ended December 31 1999	1998
Numerator:		
Loss from continuing operations	$ (9,384)	(4,840)
Convertible Preferred Stock dividends, net	17,621	(3,524)
Basic income (loss) from continuing operations per share numerator	8,237	(8,364)
Discontinued operations: income (loss) from operations, net of tax	(73,391)	4,883
Basic net loss per share numerator	(65,154)	(3,481)
Basic income (loss) from continuing operations	8,237	(8,364)
Effect of dilutive securities:		
Convertible Preferred Stock dividends, net	(17,621)	--
Diluted loss from continuing operations per share numerator	$ (9,384)	(8,364)
Discontinued operations: Income (loss) from operations, net of tax	(73,391)	4,884
Diluted net loss per share numerator	(82,775)	(3,480)
Denominator:		
Basic weighted average common shares outstanding	8,890	8,324
Effect of dilutive securities:		
Convertible Preferred Stock	724	--

Diluted weighted average common shares outstanding	9,614	8,324

Options to purchase 871 shares of Minerals Stock, at prices between $1.56 and $25.74 per share, were outstanding during 1999 but were not included in the computation of diluted net loss per share because the options' exercise prices were greater than the average market value of the common shares, and, therefore, the effect would be antidilutive.

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.

The conversion of preferred stock to 1,764 shares of Minerals Stock has been excluded in the computation of diluted net income (loss) per share in 1998 because the effect of the assumed conversion would be antidilutive.

The shares of Minerals Stock held in the Trust are subject to the treasury stock method and effectively are not included in the basic and diluted net income (loss) per share calculations. As of December 31, 1999 and 1998, 813 and 766 shares, respectively of Minerals Stock remained in the Trust (see Note 10).

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 the average quoted market value at the date of grant. All grants made in 2000, 1999 and 1998 have a maximum term of six years and substantially all of these grants either vest ratably over three years or vest 100% at the end of the third year. The Non-Employee Plan options are granted with a maximum term of ten years. Some options under the Non-Employee Plan vest immediately with the remainder vesting ratably over the first two years; other options vest fully after six months. The total number of shares underlying options for both plans that is authorized for grant, but not yet granted, is 2,344.

As of January 14, 2000, with the elimination of the Company's tracking stock capital structure, the 1988 Plan and Non-Employee Plan were amended to provide that all future grants would be made solely in Pittston Common Stock and that all outstanding options related to BAX Stock and Minerals Stock would be converted into options to purchase Pittston Common Stock. At the Exchange Date, a total of 2,041 shares of BAX Stock and 588 shares of Minerals Stock were subject to options outstanding under the 1988 Plan and the Non-Employee Plan. Pursuant to the Exchange provisions, the Company converted these options into options for shares of Pittston Common Stock. The table below summarizes the activity in all plans for 2000, 1999 and 1998.

	Shares	Aggregate Exercise Price
Pittston Common Stock Options:		
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
Granted	430	11,515
Exercised	(156)	(2,461)
Forfeited or expired	(384)	(8,798)
Outstanding at December 31, 1999	1,831	$ 49,472
BAX Stock options converted in the Exchange	989	30,663
Minerals Stock options converted in the Exchange	48	4,574
Granted	1,065	16,107
Exercised	(59)	(631)
Forfeited or expired	(435)	(11,372)
Outstanding at December 31, 2000	3,439	$ 88,813
BAX Group Common Stock Options:		
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
Granted	514	4,851
Exercised	(26)	(247)
Forfeited or expired	(635)	(10,033)
Outstanding at December 31, 1999	2,041	$ 30,663
Converted in the Exchange	(2,041)	(30,663)
Outstanding at December 31, 2000	--	$ --
Minerals Group Common Stock Options:		
Outstanding at December 31, 1997	652	$ 9,935
Granted	138	721
Forfeited or expired	(128)	(1,668)
Outstanding at December 31, 1998	662	$ 8,988
Granted	209	339
Forfeited or expired	(283)	(4,753)

Outstanding at December 31, 1999	588	$ 4,574
Converted in the Exchange	(588)	(4,574)
Outstanding at December 31, 2000	--	$ --

Options exercisable at the end of 2000, 1999 and 1998 for Pittston Common Stock were 1,916, 853 and 922, respectively. Options exercisable at the end of 1999 and 1998 for BAX Stock were 994 and 1,081, respectively; and for Minerals Stock were 279 and 491, respectively.

The following table summarizes information about stock options outstanding as of December 31, 2000.

	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
Pittston Common Stock					
$ 9.82 to 13.79	743	5.10	$13.35	75	$ 10.60
14.13 to 21.34	838	3.72	18.44	366	18.58
22.15 to 30.60	854	2.93	26.89	597	26.98
31.21 to 40.86	820	2.79	35.25	698	34.80
43.36 to 49.60	151	2.34	49.61	151	49.61
51.29 to 315.06	33	2.17	126.43	29	128.75
Total	3,439			1,916	

Employee Stock Purchase Plan

Under the 1994 Employee Stock Purchase Plan (the "ESPP"), as amended, the Company is authorized to issue up to 985 shares of Pittston Common Stock to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the ESPP, 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 Company common stock. 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 ESPP, the Company sold 125, 60 and 41 shares of Pittston Common Stock to employees during 2000, 1999 and 1998, respectively; and sold 62 and 48 shares of BAX Stock, and 165 and 118 shares of Minerals Stock, to employees during 1999 and 1998, respectively. As of December 31, 2000, 449 shares of Pittston Common Stock were authorized to be issued, but not yet issued under the ESPP.

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, then the net income and net income per share would approximate the pro forma amounts indicated below:

	2000	1999	1998
Net Income (loss) attributed to common shares			
The Company			
As Reported	$(255,770)	52,278	62,532
Pro Forma	(260,174)	47,197	57,550
Brink's Group			
As Reported	N/A	84,209	79,104
Pro Forma	N/A	81,230	76,251
BAX Group			
As Reported	N/A	33,223	(13,091)
Pro Forma	N/A	31,327	(15,017)
Minerals Group			
As Reported	N/A	(65,154)	(3,481)
Pro Forma	N/A	(65,361)	(3,684)
Net Income (loss) per common share			
The Company			
Basic, As Reported (b)	$ (5.11)	1.06	1.28
Basic, Pro Forma	(5.21)	0.46	1.18
Diluted, As Reported (b)	(5.12)	0.70	1.27
Diluted, Pro Forma	(5.21)	0.60	1.17
Brink's Group			
Basic, As Reported	$ N/A	2.16	2.04
Basic, Pro Forma	N/A	2.08	1.97
Diluted, As Reported	N/A	2.15	2.02
Diluted, Pro Forma	N/A	2.07	1.95
BAX Group			

Basic, As Reported	N/A	1.73	(0.68)
Basic, Pro Forma	N/A	1.63	(0.78)
Diluted, As Reported	N/A	1.72	(0.68)
Diluted, Pro Forma	N/A	1.63	(0.78)
Minerals Group			
Basic, As Reported	N/A	(7.33)	(0.42)
Basic, Pro Forma	N/A	(7.35)	(0.44)
Diluted, As Reported	N/A	(8.61)	(0.42)
Diluted, Pro Forma	N/A	(8.63)	(0.44)

(a) The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

(b) These "as reported" net income per share amounts are calculated using pro forma basic and diluted shares for 1999 and 1998 only. See Note 8.

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:

	2000	1999	1998
Expected dividend yield:			
Pittston Common Stock	0.4%	0.3%	0.3%
BAX Stock	N/A	1.7%	1.7%
Minerals Stock	N/A	4.3%	1.8%
Expected volatility:			
Pittston Common Stock	31%	32%	31%
BAX Stock	N/A	64%	50%
Minerals Stock	N/A	44%	45%
Risk-Free interest rate:			
Pittston Common Stock	6.0%	6.0%	5.3%
BAX Stock	N/A	6.0%	5.3%
Minerals Stock	N/A	6.0%	5.3%
Expected term (in years):			
Pittston Common Stock	4.5	4.3	4.4
BAX Stock	N/A	4.4	4.3
Minerals Stock	N/A	2.8	3.8

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 2000, 1999 and 1998 for the Pittston Common Stock is $5,548, $3,922 and $4,593, respectively. The weighted-average fair value of options granted during 1999 and 1998, respectively, for the BAX Stock is $2,473 and $1,928 and for the Minerals Stock is $89 and $250.

Under SFAS No. 123, compensation expense is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the ESPP 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 2000, 1999 and 1998 was $507, $172 and $205 for Pittston Common Stock, respectively, and was $148 and $93 for BAX Stock, and $42 and $58 for Minerals Stock, in 1999 and 1998, respectively.

10. CAPITAL STOCK

As discussed in Note 1, on December 6, 1999, the Company announced that its Board of Directors (the "Board") had approved the elimination of the tracking stock capital structure by an exchange of all outstanding shares of Minerals Stock and BAX Stock for shares of Brink's Stock (the "Exchange"). The

Exchange took place on January 14, 2000 (the "Exchange Date"), on which date, holders of Minerals Stock received 0.0817 share of Brink's Stock for each share of their Minerals Stock; and holders of BAX Stock received 0.4848 share of Brink's Stock for each share of their BAX Stock based on the shareholder approved formula and calculated as follows:

(Per share prices)	Brink's Stock	BAX Stock	Minerals Stock
Ten day average price (a)	$ 18.92	$ 7.98	$ 1.34
Exchange factor	1.00	1.15	1.15
Fair Market Value, as defined (a)	$ 18.92	$ 9.17	$ 1.54
Exchange ratio	N/A	0.4848	0.0817

(Per share prices)	Brink's Stock	BAX Stock	Minerals Stock
Closing prices:			
December 3, 1999	$ 18.375	$ 10.0625	$ 1.125
December 6, 1999	21.500	10.1250	1.625

(a) The "Fair Market Value" of each class of common stock was determined by taking the average closing price of that class of common stock for the 10 trading days beginning 30 business days prior to the first public announcement of the exchange proposal. Since the first public announcement was made on December 6, 1999, the average closing price was calculated during the 10 trading days beginning October 22, 1999 and ended November 4, 1999.

From and after the Exchange Date, Brink's Stock is the only outstanding class of common stock of the Company and continues to trade on the New York Stock Exchange under the symbol "PZB". Prior to the Exchange Date, Brink's Stock reflected the performance of the Brink's Group only; after the Exchange Date, Brink's Stock reflects the performance of the Company as a whole. Shares of Brink's Stock after the Exchange are hereinafter referred to as "Pittston Common Stock".

As a result of the Exchange on January 14, 2000, the Company issued 10,916 shares of Pittston Common Stock, which consists of 9,490 shares of Pittston Common Stock equal to 100% of the Fair Market Value, as defined, of all BAX Stock and Minerals Stock and 1,426 shares of Pittston Common Stock equal to the additional 15% of the Fair Market Value of BAX Stock and Minerals Stock exchanged pursuant to the above-described formula. Of the 10,916 shares issued, 10,196 shares were issued to holders of BAX Stock and Minerals Stock and 720 shares were issued to The Pittston Company Employee Benefits Trust (the "Trust").

Shares issued to holders of BAX Stock and Minerals Stock (excluding those shares issued to the Trust) were distributed as follows:

(In thousands except per share prices)	Holders of BAX Stock	Holders of Minerals Stock
Shares outstanding on January 13, 2000	19,475	9,273
Brink's Stock issued pursuant to the Exchange:		
Based on 100% of Fair Market Value	8,207	657
Based on 15% of Fair Market Value	1,233	99
Total shares issued on January 14, 2000	9,440	756
Brink's Stock closing price per share - December 3, 1999	$ 18.375	18.375
Value as of December 3, 1999 of Brink's Stock issued pursuant to the Exchange	$173,460	13,892

As set forth in the Company's Articles of Incorporation approved by the shareholders, in the event of a dissolution, liquidation or winding up of the Company, holders of Brink's Stock, BAX Stock and Minerals Stock would have shared on a per share basis, the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage had 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. The liquidation percentages were 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). As of December 3, 1999, such liquidation percentages would have been approximately 54%, 27% and 19% for holders of Brink's Stock, BAX Stock and Minerals Stock, respectively. Including the additional shares issued pursuant to the Exchange, the liquidation percentages for former holders of Brink's Stock, BAX Stock and Minerals Stock, respectively, as of January 14, 2000 would have been approximately 79%, 19% and 2%.

Upon completion of the Exchange on January 14, 2000, there were 49,484 issued and outstanding shares of Pittston Common Stock for use in the calculation of net income per common share.

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, if any, thereon. Subsequent to the Exchange Date, 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 Pittston Common Stock at an adjusted conversion price of $393.819 per share of Pittston Common Stock (calculated by dividing the original conversion price of $32.175 per share by the 0.0817 exchange ratio for the 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 $509.375 per share, effective February 1, 2001, 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 February 2000, under the Company's common share repurchase program, the Board reaffirmed the authority to purchase, from time to time, of up to 900 shares of Pittston Common Stock, not to exceed an aggregate purchase cost of $22,184. The authority to acquire shares remains in effect in 2001. Such shares are to be purchased from time to time in the open market or in private transactions, as conditions warrant. As of December 31, 2000, the Company had the remaining authority to purchase, from time to time, shares of the Convertible Preferred Stock not to exceed an aggregate purchase cost of $5,394.

Under the share repurchase program, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 2000	1999
Pittston Common Stock:		
Shares	--	N/A
Cost	--	N/A
Brink's Stock:		
Shares	N/A	100.0
Cost	$ N/A	2,514
Convertible Preferred Stock:		
Shares	8.1	83.9
Cost	$2,162	20,980
Excess carrying amount (a)	$1,734	19,201

(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 Consolidated Statement of Operations.

In 2000, 1999 and 1998, dividends paid on the Convertible Preferred Stock amounted to $861, $1,580 and $3,547, respectively. During 2000, the Board declared and the Company paid dividends of $5,010 on Pittston Common Stock. During 1999 and 1998, the Board declared and the Company paid dividends of $3,907 and $3,874 on Brink's Stock, $4,623 and $4,642 on BAX Stock, and $216 and $1,969 on Minerals Stock, respectively.

In February 2001, the Board declared a cash dividend of $0.025 per share on Pittston Common Stock, payable on March 1, 2001 to shareholders of record on February 20, 2001.

Under an Amended and Restated Rights Agreement dated as of January 14, 2000, holders of Pittston Common Stock have rights to purchase a new Series A Participating Cumulative Preferred Stock (the "Series A Preferred Stock") of the Company at the rate of one right for each share of Pittston Common Stock. Each 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 $60.00, subject to adjustment.

Each fractional share of Series A Preferred Stock will be entitled to participate in dividends and to vote on an equivalent basis with one whole share of Pittston Common Stock. Each right will not be exercisable until after a third party acquires 15% or more of the total voting rights of all outstanding Pittston Common 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 Pittston Common 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 Pittston Common Stock, the rights will entitle each holder to purchase, at the purchase price, that number of fractional shares of Series A 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.

In December 1992, the Company formed The Pittston Company Employee Benefits Trust to hold shares of its common stock (initially 4,000 shares) to fund obligations under certain employee benefit programs. The Trust first began funding obligations under the Company's various plans in September 1995 that provide for the issuance of stock. In November 1998, the Company sold for a promissory note from 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. In October 1999, the Company sold for a promissory note from the Trust, 900 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, 2000, 1,279 shares of Pittston Common Stock remained in the Trust carried at market value ($25,426). As of December 31, 1999, 1,573 shares of Brink's Stock, 1,350 shares of BAX Stock and 813 shares of Minerals Stock remained in the Trust, carried at market value. The shares of the Pittston Common Stock 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 held in the Trust is included in each issue of common stock and capital in excess of par.

11. LEASES

The Company and its subsidiaries lease 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, 2000, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Aircraft	Facilities	Equipment & Other	Total
2001	$33,124	67,395	16,316	116,835
2002	20,109	56,187	11,740	88,036
2003	3,926	45,470	8,294	57,690
2004	--	37,963	6,235	44,198
2005	--	29,520	4,860	34,380
Later Years	--	147,718	7,597	155,315
Total	$57,159	384,253	55,042	496,454

These amounts are net of aggregate future minimum noncancellable sublease rentals of $1,089.

Net rent expense amounted to $146,937 in 2000, $145,405 in 1999 and $124,108 in 1998 and includes rent expense for certain vehicles with initial lease terms of less than one year.

The Company incurred capital lease obligations of $6,950 in 2000 and $6,326 in 1999. Minimum future lease payments under capital leases as of December 31, 2000, for each of the next five years and in the aggregate are:

2001	$ 8,961
2002	6,193
2003	4,160
2004	3,234
2005	2,914
Subsequent to 2005	4,097
Total minimum lease payments	29,559
Less: Executory costs	10
Net minimum lease payments	29,549
Less: Amount representing interest	2,332
Present value of net minimum lease payments	$27,217

Interest rates on capital leases, primarily at foreign subsidiaries, vary from 3.0% to 26.0% 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 2000 or 1999.

At December 31, 2000, the Company had contractual commitments with third parties, to provide aircraft usage and services to BAX Global, which expire in 2001 through mid 2002. The fixed and determinable portion of the obligations under these agreements aggregate approximately $56,160 in 2001 and $7,570 in 2002. During the year, BAX Global reduced its dependency on a supplier which filed for Chapter 11 bankruptcy protection in May of 2000. This reduction in lift capacity, to the extent necessary, was replaced by other suppliers.

12. EMPLOYEE BENEFIT PLANS

The employee benefit plans described below cover employees of both continuing and discontinued operations of the Company. Accordingly, a portion of these benefit expenses have been included in the results of discontinued operations for the years presented.

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 (credit) expense for 2000, 1999 and 1998 for all plans is as follows:

	Years Ended December 31		
	2000	1999	1998
Service cost (benefits earned during year)	$ 23,613	24,417	19,932
Interest cost on projected benefit obligation	35,001	32,466	30,181
Return on assets-expected	(55,296)	(48,914)	(45,115)
Curtailment gain, net	(4,412)	--	--
Other amortization, net	(315)	2,860	2,156
Net pension (credit) expense	$ (1,409)	10,829	7,154

The assumptions used in determining the net pension expense for the Company's primary pension plan were as follows:

	2000	1999	1998
Interest cost on projected benefit obligation	7.5%	7.0%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Average 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, 2000 and 1999 for the Company's primary pension plan as well as other less significant foreign and domestic plans are as follows:

	Years Ended December 31	
	2000	1999
Projected benefit obligation at beginning of year	$ 474,764	498,066
Service cost (benefits earned during the year)	23,613	24,417
Interest cost on projected benefit obligation	35,001	32,466
Plan participants' contributions	515	1,437
Acquisitions and plan amendments	684	1,676
Benefits paid	(25,149)	(21,605)
Actuarial (gain) loss	28,922	(58,286)
Foreign currency exchange rate changes	(5,114)	(3,403)
Curtailment gain	(5,773)	--
Projected benefit obligation at end of year	$ 527,463	474,768
Fair value of plan assets at beginning of year	$ 660,509	566,172
Return on assets - actual	(11,041)	114,079
Acquisitions	--	283
Plan participants' contributions	515	1,437
Employer contributions	2,431	2,580
Benefits paid	(25,149)	(21,605)
Foreign currency exchange rate changes	(5,984)	(2,437)
Fair value of plan assets at end of year	$ 621,281	660,509
Funded status	$ 93,818	185,741
Unrecognized experience (gain) loss	4,648	(89,311)
Unrecognized prior service cost	2,021	1,791
Other	513	(77)
Net pension assets	101,000	98,144
Current pension liabilities	887	795
Noncurrent pension liabilities	16,494	14,654
Deferred pension assets per balance sheet	$ 118,381	113,593

For the valuation of the Company's primary pension plan obligations and the calculation of the funded status, the discount rate was 7.5% and the expected long-term rate of return on assets was 10% in both 2000 and 1999. The rate of increase in compensation levels, though varying by company and by age, on average approximated 4% in both 2000 and 1999.

Pursuant to its formal plan to exit the coal business and in accordance with SFAS 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", the Company recorded a curtailment gain during 2000 of $4,412. This gain includes a $5,773 reduction in the projected benefit obligation, partially offset by a $1,226 reduction in the unrecognized experience loss and the recognition of a portion of unrecognized prior service costs of $135.

Net pension assets included an unrecognized loss of $4,648 at December 31, 2000 and an unrecognized gain of $89,311 at December 31, 1999. The unrecognized gain/loss was primarily affected by the actual return on assets, which exceeded the expected return in 1999, but was lower than the expected return in 2000.

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 2000, 1999 and 1998, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31 2000	1999	1998
Service cost (benefits earned during the year)	$ 774	1,442	1,167
Interest cost on accumulated postretirement benefit obligation	23,782	23,084	22,412
Amortization of losses	3,634	5,115	2,929
Curtailment loss	6,019	--	--
Total postretirement expense	$34,209	29,641	26,508

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, 2000 and 1999 are as follows:

	Years Ended December 31 2000	1999
Accumulated postretirement benefit obligation at beginning of year	$ 335,260	336,831
Service cost (benefits earned during the year)	774	1,442
Interest cost on accumulated postretirement benefit obligation	23,782	23,084
Benefits paid	(24,515)	(23,591)
Actuarial (gain) loss	35,066	(2,551)
Curtailment loss	6,019	--
Foreign currency exchange rate changes	(29)	45
Total accumulated postretirement benefit obligation at end of year	$ 376,357	335,260
Accumulated postretirement benefit obligation at end of year-retirees	$ 325,696	283,154
Accumulated postretirement benefit obligation at end of year-active participants	50,661	52,106
Total accumulated postretirement benefits obligation at end of year	$ 376,357	335,260
Funded status	$(376,357)	(335,260)
Unrecognized experience loss	101,941	70,508
Accrued postretirement benefit cost at end of year	$(274,416)	(264,752)

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.5% in both 2000 and 1999. The assumed health care cost trend rate used in 2000 was 5% for all retirees. The assumed Medicare cost trend rate used in 2000 was 5%.

A one percentage point increase each year in the assumed health care cost trend rate used would have resulted in an increase of approximately $3,624 in the aggregate service and interest components of expense for the year 2000, and an increase of approximately $47,796 in the accumulated postretirement benefit obligation at December 31, 2000.

A one percentage point decrease each year in the assumed health care cost trend rate would have resulted in a decrease of approximately $2,998 in the aggregate service and interest components of expense for the year 2000 and a decrease of approximately $39,542 in the accumulated postretirement benefit obligation at December 31, 2000.

Pursuant to its formal plan to exit the coal business and in accordance with SFAS No. 106, the Company recorded a curtailment loss during 2000 of $6,019, representing an increase in the projected benefit obligation as of December 31, 2000. The increase in the Company's unrecognized experience loss as of December 31, 2000 is primarily due to an increase in the per capita medical claims cost curve for the Company's United Mine Workers of America ("UMWA") plan.

Under the 1990 collective bargaining agreement with the 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, the Company's benefit payments under the UMWA agreement were made into an escrow account for the benefit of union employees. During 1996, the case was settled and the escrow funds were released. As a result of the settlement, the Coal Operations subsidiaries agreed to continue their participation in the UMWA 1950 and 1974 pension plan at defined contribution rates. Under this plan, expense recognized in 2000, 1999 and 1998 was $35, $57 and $574, respectively.

Expense recognized in 2000, 1999 and 1998 for other multi-employer plans was $490, $579 and $765, respectively.

The Company also sponsors a 401(k) 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 $9,063 in 2000, $8,552 in 1999 and $7,745 in 1998.

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 $2,754 in 2000, $1,509 in 1999 and $986 in 1998.

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 ("unassigned beneficiaries") including in the Company's case, the Pittston Companies 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 the assigned beneficiaries for which the Pittston Companies are responsible under the Health Benefit Act. 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; the statutory authorization to obtain such funds is currently scheduled to cease by 2005. In the determination of the Pittston Companies' ultimate obligation under the Health Benefit Act, such funding has been taken into consideration.

Prior to December 31, 2000, the Company accounted for its obligations under the Health Benefit Act as a participant in a multi-employer benefit plan and thus, recognized the annual cost of these obligations on a pay-as-you-go basis. For 2000, 1999 and 1998, cash payments for such amounts were approximately $9,000, $10,400 and $9,600, respectively. Pursuant to its formal plan to exit the coal business, the Company recorded its estimated undiscounted liability relating to such obligations at December 31, 2000 as a $161,700 one-time charge to the net loss from discontinued operations. Such obligations, if discounted at 7.5% would provide a present value estimate of approximately $80,000. The Company currently estimates that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at about the same annual level for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

In addition, under the Health Benefit Act, the Pittston Companies are jointly and severally liable for certain postretirement health benefits for thousands of additional retired union mine workers and their dependents under plans provided by the Company. Substantially all of the Company's accumulated postretirement benefit obligation for retirees of $325,696 as of December 31, 2000 relates to such retired workers and their beneficiaries.

The ultimate costs that will be incurred by the Company under the Health Benefit Act and its postretirement medical plans could be significantly affected by, among other things, the rate of inflation for medical costs, changes in the number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted.

The Company has established a Voluntary Employees' Beneficiary Association ("VEBA") which is intended to tax efficiently fund certain retiree medical liabilities primarily for retired coal miners and their dependents. The VEBA may receive partial funding from the proceeds of the planned sale of the Company's coal business as well as other sources over time. The Company contributed $15,000 to the VEBA in December 1999. As of December 31, 2000, the balance in the VEBA was $15,900, and was included in other non-current assets.

13. RESTRUCTURING AND OTHER EXIT COSTS

Over the course of 2000, the operating performance of BAX Global's Americas region was negatively impacted by lower than expected demand and higher transportation, operating and administrative costs relative to that lower demand. As such, BAX Global evaluated alternatives directed at returning its Americas operations to profitability, including ways to improve sales performance and to reduce transportation, operating and administrative expenses. During the fourth quarter of 2000, BAX Global finalized a restructuring plan aimed at reducing the capacity and cost of its airlift capabilities in the US as well as reducing station operating expenses, sales costs and overhead in the Americas and Atlantic regions, including:

- The removal of 10 planes from the fleet, 9 of which were dedicated to providing lift capacity in BAX Global's commercial cargo system.

- The closure of 9 operating stations and realignment of domestic operations.

- The reduction of employee-related costs at BAX Global and ATI through the elimination of approximately 300 full-time positions including aircraft crew and station operating, sales and business unit overhead positions.

In addition, certain Atlantic region operations were streamlined in order to reduce overhead costs and improve overall performance in that region. The Atlantic region restructuring efforts involved severance costs and station closing costs in the UK, Denmark, South Africa and Italy. Approximately 50 positions were eliminated, most of which were positions at or above manager level.

The following is a summary of the charges incurred in the fourth quarter related to the restructuring:

(In thousands)	Americas Region	Atlantic Region	Total BAX Global
Fleet related charges	$49,702	--	49,702
Severance costs	1,130	1,148	2,278
Station and other closure costs	3,777	1,730	5,507
Total restructuring charge (a)	$54,609	2,878	57,487

(a) Includes noncash charges of $45,180. Substantially all severance costs are expected to be paid out before June 30, 2001. Other cash charges primarily include contractual commitments for aircraft and facilities, approximately two-thirds of which are expected to be paid out during 2001, with the remainder expected to be paid out by the end of 2002.

During 1998, approximately $7,000 was accrued for severance and other expenses primarily stemming from a realignment of BAX Global's organizational structure. During 1999, the entire severance accrual was paid out in cash with the exception of $100 which was reversed into income, representing the unused portion of the original accrual.

14. SEGMENT INFORMATION

The Company has four reportable operating segments: Brink's, BHS, BAX Global and Other Operations. Management has determined these reportable segments based on how resources are allocated and how operating 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. The Company's coal operations have been reported as discontinued operations as of December 31, 2000. As a result, segment disclosures for 2000 have been restated to exclude the Company's discontinued operations. Discontinued operations are discussed in Note 16.

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 is a transportation and supply chain management company offering multi-modal freight forwarding for business-to-business shippers through a global network. Other Operations consists of Mineral Ventures and Allied Operations, which is comprised of gas and timber operations. 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. The Company's gas operations provide royalty and other income from gas development and operation of the Company's natural gas reserves by third parties. The Company's timber operations provide income from the sale of timber cutting rights on certain Company properties as well as from the operation of a sawmill, a hardwood chip mill and a railroad tie mill.

Operating segment information is as follows:

	Years Ended December 31		
	2000	1999	1998
Net Sales and Operating Revenues:			
Brink's	$ 1,462,923	1,372,491	1,247,681
BHS	238,069	228,720	203,586
BAX Global	2,097,600	2,083,414	1,776,980
Total business and security services	3,798,592	3,684,625	3,228,247
Other Operations	35,520	25,073	23,332
Net sales and operating revenues (a), (b)	$ 3,834,112	3,709,698	3,251,579
Operating Profit (Loss):			
Brink's (c)	$ 108,509	103,547	98,420
BHS (d)	54,340	54,234	53,032
BAX Global (e)	(99,612)	61,460	(628)
Total business and security services	63,237	219,241	150,824
Other Operations (f)	5,714	327	5,472
Segment operating profit	68,951	219,568	156,296
General Corporate expense	(21,264)	(22,995)	(27,857)
Operating profit	$ 47,687	196,573	128,439

(a) Includes US revenues of $1,954,562, $1,915,338 and $1,761,652 in 2000, 1999 and 1998, respectively.

(b) The Company has no single customer representing greater than 10% of its revenues.

(c) Includes equity in net income of unconsolidated affiliates of $4,336 in 2000, $4,564 in 1999, and $1,235 in 1998.

(d) BHS changed its method of accounting for non-refundable installation revenues and the related direct costs of subscriber acquisitions which reduced operating profit by $2,325 in 2000 (see Note 1).

(e) The 2000 amounts include restructuring charges of $57,487 (see Note 13). 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.

(f) Includes equity in net income (loss) of unconsolidated affiliates of $407 in 2000, ($261) in 1999 and $438 in 1998.

	Years Ended December 31		
	2000	1999	1998
Capital Expenditures:			
Brink's	$ 73,837	84,414	74,716
BHS	74,496	80,633	81,671
BAX Global	60,147	94,465	75,648
Total business and security services	208,480	259,512	232,035
Other Operations	5,186	9,317	6,834
General Corporate	777	80	550
Capital expenditures	$214,443	268,909	239,419
Depreciation and Amortization:			
Brink's	$ 60,195	53,002	45,742
BHS (a)	62,116	49,919	36,630
BAX Global	61,300	40,410	35,287
Total business and security services	183,611	143,331	117,659
Other Operations	4,929	4,688	3,954
General Corporate	410	834	684
Depreciation and amortization	$188,950	148,853	122,297

(a) Includes amortization of deferred subscriber acquisition costs of $4,122 in 2000 as a result of implementing SAB No. 101 (see Note 1).

	As of December 31		
	2000	1999	1998
Assets:			
Brink's (a)	$ 719,148	686,259	651,745
BHS (b)	353,421	294,734	263,362
BAX Global	724,492	834,663	726,797
Total business and security services	1,797,061	1,815,656	1,641,904
Other Operations (c)	39,378	42,784	33,042
Identifiable segment assets	1,836,439	1,858,440	1,674,946
General Corporate (d), (e)	441,587	291,279	242,996
Assets (f), (g)	$2,278,026	2,149,719	1,917,942

(a) Includes investments in unconsolidated equity affiliates of $22,079, $18,932 and $14,994 in 2000, 1999 and 1998, respectively.

(b) Includes deferred subscriber acquisition costs of $41,752 as of December 31, 2000, recorded as a result of SAB No. 101 (see Note 1).

(c) Includes investments in unconsolidated equity affiliates of $4,379, $7,129 and $5,034 in 2000, 1999 and 1998, respectively.

(d) Includes investment in unconsolidated joint venture accounted for under the equity method of $6,190, $5,332 and $4,091 in 2000, 1999 and 1998, respectively.

(e) Primarily cash, investments, advances, deferred pension assets and deferred tax assets. Deferred tax assets in 1999 and 1998 have been reclassified from the operating segments to General Corporate, to conform to the current year's presentation.

(f) Includes long-lived assets (property, plant and equipment, net) located in the US of $544,278, $544,988 and $438,312 as of December 31, 2000, 1999 and 1998, respectively.

(g) Total assets do not include assets associated with the discontinued Coal Operations of $200,683, $309,982 and $413,195 in 2000, 1999 and 1998, respectively, some of which will be retained by the Company (see Note 16).

15. 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 actual future clean-up costs, on an undiscounted basis, using existing technologies to be between $6,000 and $9,500. 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 clean-up estimates have been modified from prior years' in light of cost inflation, the application of new technologies and certain assumptions the Company is making with respect to the end use of the property. The estimate of costs and the timing of payments could change materially 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 litigation in 1990, in the United States District Court of 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. The Company was able to conclude settlement with all of its insurers without a trial. Taking into account the proceeds from the settlement with its insurers, it is the Company's belief that the ultimate amount that it will be liable for related to the remediation of the Tankport site will not have a significant adverse impact on the Company's results of operations or financial position.

16. DISCONTINUED OPERATIONS

On December 6, 1999, the Company announced its intention to exit the coal business through the sale of the Company's coal mining operations and reserves. Based on progress since that date, the Company has formalized its plan to dispose of those operations by the end of 2001. Accordingly, Coal Operations have been reported as discontinued operations of the Company as of December 31, 2000. The accompanying financial statements and related disclosures for all periods presented have been reclassified accordingly.

The Company's formal plan of disposal includes the sale of all of its active and idle coal mining operations and reserves, primarily in West Virginia, Virginia and Kentucky (including 23 company or contractor operated mines and 6 active plants) as well as other assets, which support those operations. The Company is also planning to sell its partnership interest in a coal port facility in Newport News, Virginia ("DTA") (Note 18). The Company expects to sell these properties and support operations by December 31, 2001. Net assets to be sold primarily include inventory and property, plant and equipment, net of certain liabilities, primarily reclamation on active properties. Total proceeds from the sale of Coal Operations which includes cash, the value of future royalties and liabilities transferred, are expected to exceed $100,000.

Net sales and income (loss) from discontinued operations for the years ended December 31, 2000, 1999 and 1998 were as follows:

	2000	1999	1998
Net sales from discontinued operations	$ 401,049	436,683	583,630
Pretax loss from the operations of the discontinued segment	(32,407)	(122,054)	(2,125)
Income tax benefit	(14,172)	(48,663)	(7,008)
Income (loss) from the operations of the discontinued segment, net of tax	(18,235)	(73,391)	4,883
Estimated pretax loss on the disposal of the discontinued segment	(294,229)	--	--
Income tax benefit	(105,088)	--	--
Estimated loss on the disposal of the discontinued segment, net of tax	(189,141)	--	--
Income (loss) from discontinued operations	$(207,376)	(73,391)	4,883

Net sales for all periods presented have been restated to reflect the adoption of Emerging Issues Task Force ("EITF") Issue No. 00-10 "Accounting for Shipping and Handling Fees and Costs". In accordance with EITF No. 00-10, the Company's Coal Operations now report sales and costs charged for certain shipping and handling activities on a gross basis so that such amounts are reflected as a component of net sales and as a component of cost of sales. Previously, such costs were netted against revenues to arrive at net sales. The implementation of EITF No. 00-10 did not impact Coal Operations operating results or net loss since net sales and cost of sales were increased by equal amounts. The increases to net sales and cost of sales for the years ended December 31, 2000, 1999 and 1998 were $47,129, $57,231 and $88,327, respectively.

Pretax losses from discontinued operations represent Coal Operations operating losses for all periods presented through December 31, 2000. The operating loss attributable to the discontinued segment for 1999 includes a charge of $82,280 related to the impairment of long-lived assets and a joint venture interest as well as other mine closure costs, substantially all of which were non-cash. Income tax benefits attributable to the losses from discontinued operations include the benefits of percentage depletion.

The estimated loss on the disposal of the discontinued segment includes the following:

	Year Ended December 31, 2000
Curtailment and recordation of benefit plans (a)	$(163,307)
Estimated loss on the sale of coal assets	(85,956)
Estimated operating losses during the sale period	(44,966)
Estimated pretax loss on the disposal of the discontinued segment	(294,229)
Income tax benefit	(105,088)
Estimated loss on the disposal of the discontinued segment, net of tax	$(189,141)

(a) Prior to December 31, 2000, the Company accounted for its obligations under the Health Benefit Act as a participant in a multi-employer plan and thus, recognized the annual cost of these obligations on a pay-as-you-go basis. Pursuant to its formal plan to exit the coal business as of December 31, 2000, the Company recorded its estimated undiscounted liability relating to such obligations as a one-time charge to the net loss from discontinued operations (see Note 16).

Estimates regarding losses on the sale of coal assets of $85,956 and losses during the sale period of $44,966 are subject to known and unknown risks, uncertainties and contingencies which could cause actual results 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, demand and competitive factors in the coal industry, the impact of delays in the issuance or the non-issuance of mining permits, the timing of and consideration received for the sale of the coal assets, geological conditions and variations in the spot prices of coal.

On February 10, 1999, the US District Court of the Eastern District of Virginia entered a final judgment in favor of certain of the Company's subsidiaries, ruling that the Federal Black Lung Excise Tax ("FBLET") imposed under Section 4121 of the Internal Revenue Code is unconstitutional as applied to export coal sales and ordering a refund to the subsidiaries. A total of $800 (including interest) was refunded in 1999 for the FBLET that those companies paid for the quarter ended March 31, 1997. The Company has sought refunds of the FBLET it paid on export coal sales for all open statutory periods and expects to receive such refunds for some or all of that tax paid (plus interest), pursuant to a review of claim documentation by the Internal Revenue Service. Due to the uncertainty of the ultimate amounts to be received, which it estimates could range from $12,000 to $20,000 (pretax), and timing of the FBLET refunds, the Company has not currently recorded a receivable for such amounts in its estimate of operating losses during the sale period. The Company is also pursuing additional claims pending a decision by the US Supreme Court related to another company. The ultimate amounts and timing of such additional refunds, if any, cannot be determined at this time.

Although the Company would not be currently liable for a multi-employer pension plan withdrawal liability associated with its planned exit from the coal business, it could, under certain circumstances, become liable for such obligations during the sale process. Such liability, if any, is subject to several factors, the effects of which cannot be predicted at this time. Those factors include funding and benefit levels of the plans and the ultimate timing and form of the sale transactions. Accordingly, the Company has not recorded a withdrawal liability in the determination of the estimated loss on disposal.

Certain non-operating assets and liabilities will be retained by the Company, including net working capital (excluding inventory), certain parcels of land, income and non-income tax assets and liabilities, certain inactive employee liabilities (primarily for postretirement medical benefits), workers' compensation and black lung obligations and reclamation related liabilities associated with certain closed coal mining sites in Virginia, West Virginia and Kentucky. In addition, the Company expects to retain its unconditional guarantee of the payment of the principal ($43,160) and premium, if any, on coal terminal revenue refunding bonds, as well as certain other contingent liabilities which are not considered material to the Company.

The following is a summary of the retained assets and liabilities, as of December 31, 2000:

(In thousands)	December 31, 2000
Assets:	
Net working capital	$ 42,383
Property, plant and equipment, net	8,843
Net deferred tax assets (Note 6)	231,621
Liabilities:	
Inactive workers' compensation and black lung obligations (Note 1)	81,733
Retiree medical obligations (Note 12)	425,381
Reclamation liabilities - inactive properties	27,992
Other liabilities (Note 18)	52,904

17. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 2000, 1999 and 1998, cash payments for income taxes, net of refunds received, were $28,188, $38,888 and $27,745, respectively. The amounts reflect benefits of $0, $10,337 and $5,150, respectively, related to the Company's discontinued coal operations.

For the years ended December 31, 2000, 1999 and 1998, cash payments for interest were $44,830, $36,289 and $38,126, respectively. These amounts include $200, $44 and $47, respectively, related to the Company's discontinued operations.

Interest capitalized as of December 31, 2000, 1999 and 1998 amounted to $0, $1,444 and $928, respectively.

During 2000, the Company recorded a noncash charge of $45,180 relating to a restructuring at BAX Global (see Note 13).

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.

18. COMMITMENTS AND CONTINGENCIES

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 22,000 tons, with a ground storage capacity of approximately 2,000 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 guaranteed by 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 for the Company's pro rata share 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 and premium, if any, and the interest on the bonds. Payments for operating costs aggregated $2,546 in 2000, $2,534 in 1999 and $3,168 in 1998. 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. Through December 31, 2000, the Company has recorded accumulated losses for its equity investment which are equal to its unconditional guarantee on a portion of the bonds. The Company plans to sell its partnership in DTA as part of its disposition of Coal Operations (see Note 16).

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 2000 and 1999.

	1st	2nd	3rd	4th
2000 Quarters:				
Net sales and operating revenues	$929,784	948,160	960,938	995,230
Operating profit (loss)	32,299	18,198	29,942	(32,752)
Income (loss) from continuing operations before accounting change (a)	14,439	4,755	10,771	(27,280)
Loss from discontinued operations (b)	(4,483)	(6,400)	(3,342)	(193,151)
Cumulative effect of change in accounting principle (c)	(51,952)	--	--	--
Net income (loss) (a), (b), (c)	(41,996)	(1,645)	7,429	(220,431)
Net income (loss) per Pittston common share (a), (b), (c):				
Basic, continuing operations	$ 0.29	0.09	0.24	(0.55)
Basic, discontinued operations, net of tax	(0.09)	(0.13)	(0.06)	(3.83)
Basic, cumulative effect of change in accounting principle, net of tax	(1.05)	--	--	--
Basic, net	(0.85)	(0.04)	0.18	(4.38)
Diluted, continuing operations	$ 0.29	0.09	0.21	(0.55)
Diluted, discontinued operations, net of tax	(0.09)	(0.13)	(0.06)	(3.83)
Diluted, cumulative effect of change in accounting principle, net of tax	(1.05)	--	--	--
Diluted, net	(0.85)	(0.04)	0.15	(4.38)

(a) The fourth quarter of 2000 includes a restructuring charge of $57,487 ($35,699 after-tax or $0.71 per diluted share) to record the writedown of assets and accrual of costs associated with a restructuring plan at BAX Global (Note 13).

(b) The Company formalized its plan of disposal for its Coal Operations in the fourth quarter of 2000 and has reclassified its financial statements to report that business as a discontinued operation for all periods presented. The loss from discontinued operations for the fourth quarter of 2000 included an estimated after-tax loss of $189,141 ($3.75 per diluted share) on the disposal of the business (Note 16).

(c) The first quarter of 2000 includes an after-tax charge of $51,952 ($1.05 per diluted share) to record the cumulative effect on years prior to 2000 of implementing SAB No. 101 and a related interpretation at BHS. As provided for in the new guidance, the accounting change was implemented in the fourth quarter of 2000, retroactive to January 1. The 2000 quarterly results in this table have been revised to reflect the new accounting method as if implemented at the beginning of the year (Note 1).

	1st	2nd	3rd	4th
1999 Quarters:				
Net sales and operating revenues	$ 851,376	886,671	944,691	1,026,960
Operating profit	33,821	39,872	52,120	70,760
Income from continuing operations	15,325	20,167	28,019	44,537
Loss from discontinued operations (e)	(2,665)	(4,245)	(3,995)	(62,486)
Net income (loss) (a), (b), (d)	12,660	15,922	24,024	(17,949)
Net income (loss) per pro forma Pittston common share (a), (b), (c), (d), (e):				
Basic, continuing operations	$ 0.68	0.41	0.56	0.90
Basic, discontinued operations, net of tax	(0.05)	(0.09)	(0.08)	(1.27)
Basic, net	0.63	0.32	0.48	(0.37)
Diluted, continuing operations	0.31	0.41	0.56	0.90
Diluted, discontinued operations, net of tax	(0.05)	(0.09)	(0.08)	(1.27)
Diluted, net	0.26	0.32	0.48	(0.37)
Net income per Brink's Group common share:				
Basic	$ 0.43	0.50	0.56	0.66
Diluted	0.43	0.50	0.56	0.66
Net income per BAX Group common share (b):				
Basic	$ 0.02	0.16	0.45	1.09
Diluted	0.02	0.16	0.45	1.08
Net income (loss) per Minerals Group common share (a), (c), (d), (e):				
Basic, continuing operations	$ 1.92	(0.31)	(0.33)	(0.28)
Basic, discontinued operations, net of tax	(0.31)	(0.48)	(0.44)	(6.79)
Basic, net	1.61	(0.79)	(0.77)	(7.07)
Diluted, continuing operations	(0.19)	(0.31)	(0.33)	(0.28)
Diluted, discontinued operations, net of tax	(0.26)	(0.48)	(0.44)	(6.79)
Diluted, net	(0.45)	(0.79)	(0.77)	(7.07)

(a) The fourth quarter of 1999 includes additional expenses of $82,280 ($53,481 after-tax or $1.08 per diluted pro forma Pittston common share and $5.81 per diluted Minerals share) related to the impairment and other charges associated with the Company's decision to sell its Coal Operations.

(b) The fourth quarter of 1999 includes a gain on the sale of a restricted investment of approximately $8,373 ($5,275 after-tax or $0.11 per diluted pro forma Pittston share and $0.27 per diluted BAX share).

(c) The first quarter of 1999 includes $19,201, the excess of the carrying amount of the Series C Convertible Preferred Stock over the cash paid to the holders of such stock for repurchases made in the first quarter. See Note 10.

(d) The third quarter of 1999 includes the reversal of excess restructuring liabilities of $851 ($553 after-tax or $0.01 per diluted pro forma Pittston common share and $0.06 per diluted Minerals share). The fourth quarter of 1999 includes the reversal of excess restructuring liabilities of $616 ($400 after-tax or $0.01 per diluted pro forma Pittston common share and $0.04 per diluted Minerals share).

(e) The Company formalized its plan of disposal for its Coal Operations in the fourth quarter of 2000 and has reclassified its financial statements to report that business as a discontinued operation for all periods presented.

Common Stock

	Market Price		Declared
	High	Low	Dividends

2000			
Pittston			
1st Quarter (a)	$22.00	15.00	$ .025
2nd Quarter	17.13	13.44	.025
3rd Quarter	17.50	10.69	.025
4th Quarter	21.00	13.75	.025
1999			
Brink's Group			
1st Quarter	$31.81	22.63	$ .025
2nd Quarter	30.00	21.56	.025
3rd Quarter	28.69	21.94	.025
4th Quarter	23.19	18.13	.025
BAX Group			
1st Quarter	$11.63	6.13	$ .06
2nd Quarter	11.38	6.94	.06
3rd Quarter	10.44	8.00	.06
4th Quarter	11.19	6.00	.06
Minerals Group (b)			
1st Quarter	$ 2.25	1.13	$ .025
2nd Quarter	1.88	1.13	--
3rd Quarter	1.63	1.25	--
4th Quarter	1.75	1.02	--

(a) High and low market price represents the high and low of Pittston Stock which began trading on January 14, 2000.

(b) Dividends on Minerals Stock were subject to the Available Minerals Dividend Amount. Effective with the second quarter of 1999 and continuing through the fourth quarter of 1999, the Company's Board of Directors declined to declare a dividend on Minerals Stock. See Note 10.

Prior to January 14, 2000 and during 1999 and 1998, 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.

On December 6, 1999, the Company announced that its Board of Directors approved the elimination of the tracking stock capital structure by an exchange of all outstanding shares of Minerals Stock and BAX Stock for shares of Brink's Stock (the "Exchange"). The Exchange took place on January 14, 2000 (the "Exchange Date"). On the Exchange Date, holders of Minerals Stock received 0.0817 shares of Brink's Stock for each share of their Minerals Stock; and holders of BAX Stock received 0.4848 shares of Brink's Stock for each share of their BAX Stock. From and after the Exchange Date, Brink's Stock is the only outstanding class of common stock of the Company and continues to trade on the New York Stock Exchange under the symbol "PZB". Prior to the Exchange Date, the Brink's Stock reflected the performance of the Brink's Group only; after the Exchange Date, the Brink's Stock reflects the performance of The Pittston Company as a whole. Shares of Brink's Stock after the Exchange are hereinafter referred to as Pittston Common Stock.

As of March 1, 2001, there were approximately 5,329 shareholders of record of Pittston Common Stock.

The Pittston Company and Subsidiaries

SELECTED FINANCIAL DATA

Five Years in Review

(In thousands, except per share amounts)	2000	1999	1998	1997	1996
Revenues and Income (a):					
Operating revenues and net sales	$3,834,112	3,709,698	3,251,579	2,790,258	2,421,074
Income from continuing operations before cumulative effect of change in accounting principle (b)	2,685	108,048	61,173	99,120	88,452
Income (loss) from discontinued operations (j)	(207,376)	(73,391)	4,883	11,078	15,702
Cumulative effect of change in accounting principle (b)	(51,952)	--	--	--	--
Net income (loss)	(256,643)	34,657	66,056	110,198	104,154
Financial Position (a), (i):					
Net property, plant and equipment	$ 931,260	930,476	849,883	647,642	540,851
Total assets	2,478,709	2,459,701	2,331,137	1,995,944	1,832,603
Long-term debt, less current maturities	313,612	395,078	323,308	191,812	158,837
Shareholders' equity	475,823	749,641	736,028	685,618	606,707
Per Pittston Common Share (a), (c), (f), (g), (l):					
Basic, net income:					
Continuing operations	$ 0.07	2.55	1.18	1.98	1.80
Discontinued operations	(4.14)	(1.49)	0.10	0.23	0.33
Cumulative effect of change in accounting principle (b)	(1.04)	--	--	--	--
Total basic	(5.11)	1.06	1.28	2.21	2.13
Diluted, net income:					
Continuing operations	$ 0.05	2.19	1.17	1.94	1.78
Discontinued operations	(4.13)	(1.49)	0.10	0.23	0.32
Cumulative effect of change in accounting principle (b)	(1.04)	--	--	--	--
Total diluted	(5.12)	0.70	1.27	2.17	2.10
Cash dividends	$ 0.10	N/A	N/A	N/A	N/A
Book value (a), (d)	$ 9.22	14.86	13.98	13.01	11.44
Pro Forma Per Common Share (k):					
Basic, net income:					
Continuing operations	$ 0.07	2.46	1.04	1.76	1.59
Discontinued operations	(4.14)	(1.49)	0.10	0.23	0.33
Total basic, pro forma	(4.07)	0.97	1.14	1.99	1.92
Diluted, net income:					
Continuing operations	$ 0.05	2.09	1.03	1.73	1.57
Discontinued operations	(4.13)	(1.49)	0.10	0.23	0.32
Total diluted, pro forma	(4.08)	0.60	1.13	1.96	1.89
Weighted Average Common Shares Outstanding (c), (f), (l):					
Pittston basic (g)	50,059	49,113	48,766	48,361	48,164
Pittston diluted (g)	50,146	49,327	49,250	49,145	48,873
Pittston Brink's Group basic	N/A	39,059	38,713	38,273	38,200
Pittston Brink's Group diluted	N/A	39,202	39,155	38,791	38,682
Pittston BAX Group basic	N/A	19,241	19,333	19,448	19,223
Pittston BAX Group diluted	N/A	19,265	19,333	19,993	19,681
Pittston Minerals Group basic	N/A	8,890	8,324	8,076	7,897
Pittston Minerals Group diluted	N/A	9,614	8,324	8,076	7,897
Common Shares Outstanding (c), (f), (l):					
Pittston Common	51,778	N/A	N/A	N/A	N/A
Pittston Brink's Group	N/A	40,861	40,961	41,130	41,296
Pittston BAX Group	N/A	20,825	20,825	20,378	20,711
Pittston Minerals Group	N/A	10,086	9,186	8,406	8,406
Per Pittston Brink's Group Common Share (a), (c), (k), (l):					
Basic net income (h)	N/A	$ 2.16	2.04	1.92	1.56
Diluted net income (h)	N/A	2.15	2.02	1.90	1.54
Pro forma basic (k)	N/A	2.03	1.87	1.65	1.30
Pro forma diluted (k)	N/A	2.03	1.85	1.63	1.28
Cash dividends	N/A	0.10	0.10	0.10	0.10
Book value (d)	N/A	13.66	11.87	9.91	8.21

The Pittston Company and Subsidiaries

SELECTED FINANCIAL DATA (CONTINUED)

Five Years in Review

(In thousands, except per share amounts)	2000		1999	1998	1997	1996
Per Pittston BAX Group Common Share (a), (c), (l):						
Basic net income (loss)	N/A	$	1.73	(0.68)	1.66	1.76
Diluted net income (loss)	N/A		1.72	(0.68)	1.62	1.72
Cash dividends	N/A		0.24	0.24	0.24	0.24
Book value (d)	N/A		17.38	15.83	16.59	15.70
Per Pittston Minerals Group Common Share (a), (c), (g), (l):						
Basic net income (loss):						
Continuing operations	N/A	$	0.93	(1.01)	(1.28)	(0.85)
Discontinued operations	N/A		(8.26)	0.59	1.37	1.99
Total basic			(7.33)	(0.42)	0.09	1.14
Diluted net income (loss):						
Continuing operations	N/A	$	(0.98)	(1.01)	(1.28)	(0.85)
Discontinued operations	N/A		(7.63)	0.59	1.37	1.99
Total diluted		$	(8.61)	(0.42)	0.09	1.14
Cash dividends (e)	N/A	$	0.025	0.24	0.65	0.65
Book value (d)	N/A	$	(15.06)	(9.50)	(8.94)	(8.38)

(a) See Management's Discussion and Analysis for a discussion of discontinued operations, BHS' accounting change, BAX Global's restructuring charges and additional expenses.

(b) The Company's results for 2000 include a non-cash after-tax charge of $52.0 million or $1.04 per diluted share to reflect the cumulative effect of a change in accounting principle pursuant to guidance issued in Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements", by the Securities and Exchange Commission in December 1999 and a related interpretation issued in October 2000. The change decreased revenue and operating profit for 2000 by $6.4 million and $2.3 million, respectively (Note 1).

(c) Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust. For the Pittston Common stock, such shares totaled 1,279 shares in 2000 and pro forma shares of 2,293, 3,040, 3,174 and 3,942 at December 31, 1999, 1998, 1997 and 1996, respectively. For the Pittston Brink's Group (the "Brink's Group"), such shares totaled 1,573 shares, 2,076 shares, 2,734 shares and 3,141 shares at December 31, 1999, 1998, 1997 and 1996, respectively. For the Pittston BAX Group (the "BAX Group"), such shares totaled 1,350 shares, 1,858 shares, 868 shares and 1,280 shares at December 31, 1999, 1998, 1997 and 1996, respectively. For the Pittston Minerals Group (the "Minerals Group"), such shares totaled 813 shares, 766 shares, 232 shares and 424 shares at December 31, 1999, 1998, 1997 and 1996, respectively. Weighted average shares outstanding do not include these shares.

(d) Calculated based on shareholders' 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.

(e) Cash dividends per share for 1999 reflect a per share dividend of $0.025 declared in the first quarter (based on an annual rate of $0.10 per share) and no dividends declared in each of the following quarters.

(f) See Notes 1, 8 and 10 to the Consolidated Financial Statements for a discussion of the calculation of pro forma share and earnings per share amounts for years 1996 through 1999, which reflect the elimination of the Company's tracking stock capital structure in January 2000.

(g) See Note 10 to the Consolidated Financial Statements for the 1999 impact of the repurchase of the Company's Series C Cumulative Preferred Stock on Minerals Group and Pittston pro forma share and net income (loss) per share calculations.

(h) In the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 years to 15 years for the capitalized cost of home security systems. This change in estimate reduced depreciation expense in 1997 by $8,900.

(i) Includes discontinued operations (Note 16).

(j) The year ended December 31, 2000 includes an estimated loss on disposal of $189,141 ($294,229 pretax). The year ended December 31, 1999 includes an impairment charge of $53,482 ($82,280 pretax). See Note 16 to the Consolidated Financial Statements.

(k) The pro forma net income per share amounts prior to 2000 have been adjusted to show the effect of the new method of accounting for non-refundable installation revenue and related direct subscriber acquisition costs at BHS. The accounting change was made pursuant to Staff Accounting Bulletin No. 101, issued by the Securities and Exchange Commission in December 1999, and a related interpretation issued in October 2000 (Note 1). It was effective as of January 1, 2000.

(l) Prior to Prior to January 14, 2000, the Company was comprised of three separate groups - Pittston Brink's Group, Pittston BAX Group, and Pittston Minerals Group. The Pittston Brink's Group included the Brink's and BHS operations of the Company. The Pittston BAX Group included the BAX Global operations of the Company. The Pittston Minerals Group included the Pittston Coal Company ("Pittston Coal") and Mineral Ventures operations of the Company. Also, prior to January 14, 2000, the Company had 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, the BAX Group and the Minerals Group, respectively. On December 6, 1999, the Company announced that its Board of Directors (the "Board") approved the elimination of the tracking stock capital structure by an exchange of all outstanding shares of Minerals Stock and BAX Stock for shares of Brink's Stock (the "Exchange"). The Exchange took place on January 14, 2000 (the "Exchange Date").

[PITTSTON LOGO]

SUBSIDIARIES OF THE PITTSTON COMPANY

AS OF DECEMBER 31, 2000

(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
Hermes Transportes Blindados, S.A. (4.96%)	Peru
Brink's St. Lucia, Limited (26%)	B.W.Indies
Brink's Security International, Inc.	Delaware
Brink's Brokerage Company, Inc.	Delaware
Brink's C.l.S., Inc.	Delaware
Brink's Diamond and Jewelry Services, Inc.	Delaware
Brink's Global Services, Inc.	Delaware
Brink's International Management Group, Inc.	Delaware
Brink's Network, Incorporated	Delaware
Brink's Vietnam, Inc.	Delaware
Brink's Philippines, Inc.	Delaware
Brink's Argentina S.A.(51%)	Argentina
Brink's Asia Pacific Pty Ltd.	Australia
Brink's Australia Pty. Limited	Australia
Brink's Diamond & Jewelry Services, N.V.	Belgium
Brink's Europe N.V.	Belgium
Brink's-Ziegler S.A. (50%)	Belgium
Cavalier Insurance Company, Ltd.	Bermuda
Brink's Bolivia S.A.	Bolivia
Transpar -- Brink's ATM Ltda.	Brazil
Brink's Valores Agregados Ltda.	Brazil
Brinks Seguranca e Transporte de Valores Ltda.	Brazil
TGV Participacoes Societarias Ltda.	Brazil
TGV Transportadora de Valores e Vigilancia Ltda.	Brazil
BVA-Brink's Valores Agregados Ltda.	Brazil
Brink's Canada Limited	Canada
Brink's Security Company, Limited	Canada
Brink's SFB Solutions, Ltd.	Canada
Servicios Brink's S.A. (73.95%)	Chile
Transporte de Valores Brink's Chile S.A. (73.95%)	Chile
Brink's de Colombia, S.A. (58%)	Colombia
Domesa de Colombia S.A. (69.99%)	Colombia

Company	Jurisdiction of Incorporation
Procesos & Canje S.A. (49.99%)	Colombia
Brink's Global Services, Dubai	Dubai
Brink's France. S.A.	France
Brink's Beteiligungsgesellschaft mbH	Germany
Security Consulting and Services GmbH	Germany
Brink's Verwaltungsgesellschaft mbH	Germany
Brink's -- Deutscheland GMBH (BBmbH 99.99%, BVmbH .01%)	Germany
Brink's Sicherheit GmbH	Germany
Security Consulting & Services GmbH	Germany
Brink's Far East Limited (99.9% Bl.1%)	Hong Kong
Brink's-Hong Kong Limited (99.9% Bl.1%)	Hong Kong
Brink's Ayra India Private Limited (40%)	India
Brink's Allied Limited (50%)	Ireland
Allied Couriers Limited	Ireland
Brinks Ireland Limited	Ireland
Brink's Israel, Ltd. (70%)	Israel
Courier Services, Ltd. (99.9%)	Israel
Brink's Diamond & Jewelery Services (International) (1993) Ltd. (99.9% Bl.1%)	Israel
Brink's Global Services, S.r.l.(99.9% Bl.1%)	Italy
Brink's Japan Limited (81%)	Japan
Brink's-Ziegler Luxemborg (50%)	Luxemborg
Brink's Global Services, S.A. de C.V.	Mexico
Brink's Nederland B.V.	Netherlands
Brink's Pakistan (Pvt) Limited (49%)	Pakistan
Brink's Panama, S.A. (49%)	Panama
Immobiliaria Brink's Panama, S.A.	Panama
Centro Americana de Inversiones Balboa C.A.	Panama
Hermes Transportes Blindados S.A. (31.04%)	Peru
Brink's Puerto Rico, Inc.	Puerto Rico
Brink's Singapore Pte. Ltd. (60%)	Singapore
Brink's (Southern Africa) (Proprietary) Ltd.	South Africa
Brink's Zurcher Freilager A.G. (51%)	Switzerland
Brink's Taiwan Limited	Taiwan
Brink's (Thailand) Limited (40%)	Thailand
Brink's Guvenlik Hezmetieri A.S.	Turkey
Brink's Europe Ltd. (U.K.)	U.K.
Brink's (UK) Ltd.	U.K.
Brink's Commercial Services Ltd.	U.K.
Brink's Diamond & Jewellery Services Ltd.	U.K.
Brink's Limited	U.K.
Brink's Gerlach, B.V. (60%)	Netherlands
Brink's (Gibraltar) Limited	Gibraltar
Brink's Limited (Bahrain) EC	Bahrain
Brink's Security Limited	U.K.
Quarrycast Commercial Limited	U.K.
Brink's Global Services, Ltd.	U.K.
Servicio de Panamericano de Proteccion, CA (60.95%)	Venezuela
Hellinic Brink's Commercial Societe Anonyme of Provision of Services of Information Technology	Greece
S.A. of Provision of Services in Transportation d/b/a/ Brink's Hermes (50.05%)	Greece
Brink's SFB Solutions, Inc.	Delaware
Security Services (Brink's Jordan) Company Ltd. (45%)	Jordan

Company	Jurisdiction of Incorporation
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
Infiteq, LLC (9%)	Delaware
Pittston Finance Company Inc.	Delaware
BAX Holding Company	Virginia
BAX Finance Inc.	Delaware
BAX Global Inc.	Delaware
BAXAIR Inc.	Delaware
Air Transport International, L.L.C. (BAX 99%, BAXAIR 1%)	Arkansas
BAX Global International Inc.	Delaware
Burlington Air Express (Brazil) Inc.	Delaware
Burlington Air Express (Dubai) Inc.	Delaware
Burlington Air Express Services Inc.	Delaware
Burlington Network Inc.	Delaware
BAX Global Holding Pty. Ltd.	Australia
BAX Global Aust. Pty. Ltd.	Australia
BAX Global Cartage Pty. Limited	Australia
AFCAB Pty. Limited (11%)	Australia
BAX Global do Brazil Ltda.	Brazil
BAX Global (Canada) Ltd.	Canada
797726 Ontario Inc.	Canada
BAX Global Services Chile Limitada	Chile
Xiamen BAX Global Warehousng Co. Ltd.	China
BAX Global A/S	Denmark
BAX Global SARL (France)	France
BAX Global S.A. (France)	France
BAX Global GmbH	Germany
BAX Global Limited (Hong Kong)	Hong Kong
Indian Enterprises Inc.	Delaware
Indian Associates Inc. (40%)	Delaware
BAX Global India Private Limited (65%, BAXI-35%)	India
BAX Express Limited (Ireland)	Ireland
Pittston International Finance Company, Ltd.	Ireland
BAX Global S.r.l.	Italy
CSC Customs and Management Services S.r.l.	Italy
BAX Global Japan K.K.	Japan
BAX Global (Korea) Co. Ltd. (51%)	South Korea
BAX Global (Malaysia) Sdn. Bhd.	Malaysia
BAX Global Imports (Malaysia) Sdn. Bhd. (40%)	Malaysia
BAX Global, S.A. de C.V.	Mexico
BAX Global Networks B.V.	Netherlands
BAX Global B.V.	Netherlands
BAX Global N.V./S.A.(Belgium)	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
BAX Global (N.Z.) Ltd.	New Zealand
BAX Holdings, Inc. (18%)	Philippines

Company	Jurisdiction of Incorporation
BAX Global (Philippines), Inc. (BHI-60/BAXI-40%)	Philippines
Burlington-Transmaso Air Express Lda. (50%)	Portugal
BAX Global Transitarios Ltda.	Portugal
Continental Freight (Pty) Ltd.	South Africa
BAX Global Pty Ltd.	South Africa
Traco Freight (Pty) Ltd.	South Africa
BAX Global S.A.	Spain
BAX Global Holdings S.L.	Spain
BAX Global Logistics (Shanghai) Co., Ltd.	Spain
BAX Global Logistics (Shenzhen) Co., Ltd.	Spain
BAX Global Aktiebolag	Sweden
BAX Global AG	Switzerland
BAX Global (Taiwan) Ltd.	Taiwan
BAX Global Limited	Thailand
BAX Global (UK) Limited	U.K.
Alltransport Holdings Limited	U.K.
Alltransport International Group Limited	U.K.
Alltransport Warehousing Limited	U.K.
BAX Global Limited	U.K.
Pittston Administrative Services, Limited	U.K.
BAX Global Ocean Services Limited	U.K.
WTC Air Freight (U.K.) Limited	U.K.
BAX Logistics, Ltd.	U.K.
BAX Funding Corporation	Delaware
Burlington Airline Express Inc.	Delaware
Burlington Land Trading Inc.	Delaware
Highway Merchandise Express, Inc.	California
WTC Airlines, Inc.	Delaware
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
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

Company	Jurisdiction of Incorporation
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
Lorado Reclamation Company	Virginia
Meadow River Coal Company	Kentucky
Pittston Coal Group, Inc.	Virginia
Ranger Fuel Corporation	West Virginia
Sea "B" Mining Company	Virginia
Pittston Synfuel 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. (45.016%)	Nevada
Pittston Mineral Ventures International Ltd.	Delaware
Pittston Mineral Ventures of Australia Pty Ltd.	Australia
Carbon Ventures Pty. Limited	Australia
International Carbon (Aust.) Pty. Limited	Australia
Mining Project Investors Pty. Ltd. (40.13%)	Australia
Fodina Minerals Pty. Limited	Australia
MPI Gold Pty. Limited	Australia
Stawell Gold Mines Pty. Limited	Australia
MPI Gold (USA), Inc.	Delaware
Australian Mining Investment Fund, Ltd.	Australia
Kumura Pty. Ltd.	Australia
Spinfex Pty. Ltd.	Australia
Pittston Australasian Mineral Exploration Pty Limited	Australia
Pittston Black Sands of Western Australia Pty Limited	Australia

Consent of Independent Auditors

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, 333-02219, 333-78631 and 333-78633) on Form S-8 of The Pittston Company of our report dated February 1, 2001 relating to the consolidated financial statements listed in the accompanying Index to Financial Statements and Schedules in Item 14(a)1 included in the 2000 Annual Report on Form 10-K of The Pittston Company, which report appears in the 2000 Annual Report on Form 10-K of The Pittston Company.

Our report refers to a change in the method of accounting for nonrefundable installation revenues and the related direct costs of acquiring new subscribers in 2000 as a result of the implementation of Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

Our report also refers to a change in the method of accounting for derivative instruments and hedging activities in 1998 as a result of adopting Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."

Richmond, Virginia
March 28, 2001

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, 2000 (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, 2001.

/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, 2000 (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, 2001.

/s/ Betty C. Alewine
....
Betty C. Alewine

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, 2000 (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, 2001.

/s/ James R. Barker
....
James R. Barker

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 2001.

/s/ Marc C. Breslawsky
....
Marc C. Breslawsky

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 2001.

/s/ James L. Broadhead
....
James L. Broadhead

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 2001.

/s/ William F. Craig
....
William F. Craig

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 2001.

/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, 2000 (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, 2001.

/s/ Ronald M. Gross
....
Ronald M. Gross

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 2001.

/s/ Carl S. Sloane
....
Carl S. Sloane