SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED] For the fiscal year ended December 31, 1996

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED] For the transition period from _________________ to __________
Commission file number 1-9148

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

Virginia (State or other jurisdiction of incorporation or organization)	54-1317776 (I. R. S. Employer Identification No.)
P.O. Box 4229, 1000 Virginia Center Parkway Richmond, Virginia (Address of principal executive offices)	23058-4229 (Zip Code)

Registrant's telephone number, including area code (804) 553-3600
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Pittston Brink's Group Common Stock, Par Value $1	New York Stock Exchange
Pittston Burlington Group Common Stock, Par Value $1	New York Stock Exchange
Pittston Minerals Group Common Stock, Par Value $1	New York Stock Exchange
4% Subordinated Debentures Due July 1, 1997	New York Stock Exchange
Rights to Purchase Series A Participating Cumulative Preferred Stock	New York Stock Exchange
Rights to Purchase Series B Participating Cumulative Preferred Stock	New York Stock Exchange
Rights to Purchase Series D Participating Cumulative Preferred Stock	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act:	None

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

Yes [X] No [_]

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

As of March 3, 1997, there were issued and outstanding 41,203,179 shares of Pittston Brink's Group common stock, 20,588,700 shares of Pittston Burlington Group common stock and 8,405,908 shares of Pittston Minerals Group common stock. The aggregate market value of such stocks held by nonaffiliates, as of that date, was $982,937,858, $375,102,248 and $114,944,556, respectively.

Documents incorporated by reference: Portions of the Registrant's definitive Proxy Statement to be filed pursuant to Regulation 14A(Part III).

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PART I
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ITEMS 1 AND 2. BUSINESS AND PROPERTIES
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As used herein, the "Company" includes The Pittston Company and its direct and indirect subsidiaries, except as otherwise indicated by the context. The Company is a diversified firm with three separate groups - Pittston Brink's Group, Pittston Burlington Group, and Pittston Minerals Group. Within these three groups, the Company maintains five separately reportable industry segments - Brink's, BHS, Burlington, Coal Operations and Mineral Ventures. Financial information on the Company's segments for the three fiscal periods ended December 31, 1996, if included, is presented in Note 16 of the Notes to Consolidated Financial Statements (see Item 8). The information set forth with respect to "Business and Properties" is as of December 31, 1996 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, 1996, except as so stated or indicated by the context.

Activities relating to the Burlington segment are carried on by Burlington Air Express Inc. and its subsidiaries and certain affiliates and associated companies in foreign countries (together, "Burlington"). 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. ("BHS"). Activities relating to Coal Operations are carried on by the Pittston Coal Company and its subsidiaries (together "Coal Operations"). Activities relating to Mineral Ventures are carried on by Pittston Mineral Ventures Company and its subsidiaries (together "Mineral Ventures"). During 1996, The Company relocated its headquarters to Richmond, Virginia. The Company owns the land and building where the headquarters are located.

The Company has a total of approximately 27,000 employees.

PITTSTON BRINK'S GROUP

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

Brink's

General

The major activities of Brink's are contract-carrier armored car, automated teller machine ("ATM"), air courier, coin wrapping, and currency and deposit processing services. Brink's serves customers through 144 branches in the United States and 39 branches in Canada. Service is also provided through subsidiaries, affiliates and associated companies in 47 countries outside the United States and Canada. These international operations contributed approximately 39% of Brink's total reported 1996 operating profit. Brink's ownership interest in these companies ranges from approximately 20% to 100%; in some instances local laws limit the extent of Brink's interest.

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

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

In addition to its armored car pickup and delivery services, Brink's provides change services, coin wrapping services, currency and deposit processing services, ATM services, safes and safe control services, check cashing and pickup and

delivery of valuable air cargo shipments. In certain geographic areas, Brink's transports canceled checks between banks or between a clearing house and its member banks. Brink's has developed and is marketing a product called CompuSafe('tm') designed to streamline the handling and management of cash receipts for the convenience store and gas station market. Pilot tests are under way in several test markets in the United States.

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 Antwerp, Tel Aviv, Hong Kong, New York, Bombay, Bangkok, Tokyo and Arrezzo, Italy.

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

Brink's non-North American operations which accounted for approximately 44% of its revenues in 1996, are organized into three regions: Europe, Latin America and Asia/Pacific. In Europe, wholly owned subsidiaries of Brink's operate in the United Kingdom and in the diamond and jewelry business, in Belgium, Italy, Russia and the United Kingdom. Also, in January 1997, Brink's purchased the remaining outstanding shares of its subsidiary in the Netherlands. Brink's has a 70% interest in a subsidiary in Israel and a majority interest in subsidiaries in Greece and Switzerland. Brink's also has ownership interests ranging from 24.5% to 50% in affiliates operating in Belgium, France, Germany, Ireland, Italy, Jordan and Luxembourg. In Africa, a wholly owned subsidiary operates in South Africa. In Latin America, a wholly owned subsidiary operates in Brazil. Brink's owns a 60% interest in a subsidiary in Chile, a 88.8% interest in a subsidiary in Bolivia, a 51% ownership interest in a subsidiary in Argentina, a 50.5% interest in a subsidiary in Colombia and a 20% interest in a Mexican company, Servicio Pan Americano de Proteccion, S.A., which operates one of the world's largest security transportation services with over 1,700 armored vehicles. Brink's also has 49% and 36% ownership interests in affiliates operating in Panama and Peru, respectively. Additionally, in January 1997, Brink's increased its ownership from 15% to 61% of its subsidiary in Venezuela (see Item 7). In the Asia/Pacific region, wholly owned subsidiaries of Brink's operate in Australia and China, and majority owned subsidiaries operate in Japan and Singapore. Brink's also has minority interests in affiliates in India, Pakistan and Thailand and a 50% ownership interest in an affiliate in Taiwan. Additionally, in February 1997, Brink's purchased the remaining outstanding shares of its majority owned subsidiary in Hong Kong.

Because the financial results of Brink's are reported in U.S. dollars, they are affected by the changes in the value of the various foreign currencies in relation to the U.S. dollar. Brink's international activity is not concentrated in any single currency, which limits the risks of foreign rate fluctuation. In addition, foreign currency rate fluctuations may adversely affect transactions which are denominated in currencies other than the functional currency. Brink's routinely enters into such transactions in the normal course of its business. Although the diversity of its foreign operations limits the risks associated with such transactions, Brink's, from time to time, uses foreign exchange forward contracts to hedge the risk associated with certain transactions denominated in currencies other than the functional currency. In addition, Brink's is subject to the risks customarily attendant upon operations owned by United States companies in countries outside the United States, including local labor and economic conditions, controls on repatriation of earnings and capital, nationalization, political instability, 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 market leaders 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 two companies and regionally and locally with many smaller companies. Brink's believes that its service, high quality insurance coverage and company reputation (including the name "Brink's") are important competitive advantages. However, the cost of service is, in many instances, the controlling factor in obtaining and retaining customers. While Brink's cost structure is generally competitive, certain competitors of Brink's have lower costs primarily as a result of lower wage and benefit levels.

See also "Government Regulation" below.

Service Mark, Patents and Copyrights

Brink's is a registered service mark of Brink's, Incorporated in the United States and in certain foreign countries. The Brink's mark and name are of material significance to Brink's business. Brink's owns patents with respect to certain coin sorting and counting machines and armored truck design. Brink's holds

copyrights on certain software systems developed by Brink's. In addition, Brink's has filed for patents relating to a new product called CompuSafe('tm') which has been designed to streamline the handling and management of cash receipts.

Insurance

Brink's carries insurance coverage for 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. A significant hardening of the insurance market coupled with industry loss experience in recent years has resulted in premium increases. 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

In 1996, the operations of Brink's were subject to regulation by the United States Department of Transportation with respect to safety of operation and equipment and financial responsibility. Intrastate, in the United States, and intraprovince and interprovince operations in Canada are subject to regulation by state and by Canadian Dominion and provincial regulatory authorities, respectively.

Employee Relations

Brink's and its subsidiaries have approximately 8,900 employees in North America, of whom approximately 3,300 are classified as part-time employees. Brink's has approximately 8,100 employees outside North America. In the United States, two locations (13 employees) are covered by collective bargaining agreements. At December 31, 1996, Brink's was a party to two United States and nine Canadian collective bargaining agreements with various local unions covering approximately 1,430 employees, most of whom are employees in Canada and members of unions affiliated with the International Brotherhood of Teamsters. Negotiations are continuing on three agreements that expire in 1997. The remaining agreements will expire after 1997. Brink's believes that its employee relations are generally satisfactory.

Properties

Brink's owns 25 branch offices and holds under lease an additional 180 branch offices, located in 38 states, the District of Columbia, the Commonwealth of Puerto Rico and nine Canadian provinces. Such branches generally include office space and garage or vehicle terminals, and serve not only the city in which they are located but also nearby cities. Brink's corporate headquarters in Darien, Connecticut, is held under a lease expiring in 2000, with an option to renew for an additional five-year period. The leased branches include 86 facilities held under long-term leases, while the remaining 94 branches are held under short-term leases or month-to-month tenancies.

Brink's owns or leases, in the United States and Canada, approximately 1,940 armored vehicles, 330 panel trucks and 240 other vehicles which are primarily service cars. In addition, approximately 3,000 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 approximately 4,600 armored vehicles.

BHS

General

BHS is engaged in the business of installing, servicing and monitoring electronic security systems primarily in owner-occupied, single-family residences. At December 31, 1996, BHS was monitoring approximately 446,500 systems, including 98,500 new subscribers since December 31, 1995, and was servicing 59 metropolitan areas in 31 states, the District of Columbia and Canada. Seven of these areas were added during 1996.

BHS markets its alarm systems primarily through advertising, inbound telemarketing and a direct sales force. BHS also markets its systems directly to home builders and has entered into several contracts which extend through 1997. BHS employees install and service the systems from local BHS branches. Subcontractors are utilized in some service areas. BHS does not manufacture any of the equipment used in its security systems; instead, it purchases such equipment from a small number of suppliers. Equipment inventories are maintained at each branch office.

BHS's security system consists of sensors and other devices which are installed at a customer's premises. The equipment is designed to signal intrusion, fire and medical alerts. When an alarm is triggered, a signal is sent by telephone line to BHS's central monitoring station near Dallas, Texas. The monitoring station has been designed and constructed to meet the specifications of Underwriters' Laboratories, Inc. ("UL") and is UL listed for residential monitoring. A backup monitoring center in Arlington, Texas, protects against a catastrophic event at the primary monitoring center. In the event of an emergency, such

as fire, flood, major interruption in telephone service, or any other calamity affecting the primary facility, monitoring operations can be transferred to the backup facility.

BHS's alarm service contracts contain provisions limiting BHS's liability to its customers. Courts have, from time to time, upheld such provisions, but there can be no assurance that the limitations contained in BHS's agreements will be enforced according to their terms in any or all cases. The nature of the service provided by BHS potentially exposes it to greater risks of liability than may be borne by other service businesses. However, BHS has not experienced any major liability losses. BHS carries insurance of various types, including general liability and errors and omissions insurance, to protect it from product deficiencies and negligent acts of its employees. Certain of BHS's insurance policies and the laws of some states limit or prohibit insurance coverage for punitive or certain other kinds of damages arising from employees' misconduct.

Regulation

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

Competition

BHS competes in many of its markets with numerous small local companies, regional companies and several large national firms. BHS believes that it is one of the leading firms engaged in the business of installing, servicing and monitoring electronic security systems in the single-family home marketplace. Competitive pressure on installation fees increased in 1996. Several significant competitors offer installation prices which match or are less than BHS prices; however, many of the small local competitors in BHS markets continue to charge significantly more for installation. In February 1996, a Federal telecommunications reform bill was enacted which contained provisions specific to the alarm industry. The key provisions include a five year waiting period prior to entry for the six regional Bell operating companies ("RBOCs") not already providing alarm service, a prohibition against further purchases of alarm companies by one RBOC, Ameritech, which has already become a significant competitor in the industry, a prohibition against cross-subsidiarization by an RBOC of any alarm subsidiaries, a prohibition against any RBOC's accessing lists of alarm company customers and an expedited complaint process. Consequently, RBOC's could become significant competitors in the home security business in the near future. However, BHS believes that the quality of its service compares favorably with that provided by current competitors and that the Brink's name and reputation will continue to provide an important competitive advantage subsequent to the completion of the five year waiting period.

Employees

BHS has approximately 1,900 employees, none of whom is covered by a collective bargaining agreement. BHS believes that its employee relations are satisfactory.

Properties

BHS operates from 44 leased offices and warehouse facilities across the United States and one leased office in Canada. All premises protected by BHS alarm systems are monitored from its central monitoring station near Dallas which is held by BHS under a lease expiring in 1997. The adjacent National Support Center, where administrative, technical, and marketing services are performed to support branch operations, is also held under a lease expiring in 1997. BHS management anticipates moving its monitoring center and National Support Center to a new facility in the Dallas area. The new facility, which will be leased by the Company, will be sub-leased by BHS. This move, which is contingent upon completion of the building's construction, is scheduled to occur in late 1997. The lease for the backup monitoring center in Arlington, Texas, expires in 1998. BHS retains ownership of nearly all the approximately 446,500 systems currently being monitored. When a current customer cancels the monitoring service and does not move, it is BHS's policy to temporarily disable the system and not incur the cost of retrieving it (at which point any remaining book value of the equipment is written off). Retaining ownership prevents another alarm company from providing services using BHS security equipment. On the other hand, when a current customer cancels the monitoring service because of a move, the retention of ownership of the equipment facilitates the marketing of the monitoring service to the new homeowner. BHS leases all the vehicles used for installation and servicing of its security systems.

PITTSTON BURLINGTON GROUP

Pittston Burlington Group (the "Burlington Group") consists of the expedited freight services, logistics management, freight forwarding and customs brokerage services business of Burlington.

Burlington

General

Burlington is primarily engaged in North American overnight and second day freight, and international time definite air and sea transportation, freight forwarding and logistics management services and international customs brokerage. In conducting its forwarding business, Burlington 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 domestic, Canadian and Mexican shipments, its own aircraft fleet and hub sorting facility) and, at the destinations, distributes the consolidated shipments and effects delivery to consignees. For international shipments, Burlington also frequently acts as customs broker facilitating the clearance of goods through customs at international points of entry. Burlington provides transportation customers with logistics services and operates warehouse and distribution facilities in several countries.

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

Burlington provides freight service to all North American business communities as well as most foreign countries through its network of company-operated stations and agent locations in 118 countries. Burlington markets its services primarily through its direct sales force and also employs other marketing methods, including print media advertising and direct mail campaigns. The pickup and delivery of freight are accomplished principally by independent contractors.

Burlington's computer system, ARGUS+, is a satellite-based, worldwide communications system which, among other things, provides continuous worldwide tracking and tracing of shipments and various data for management information reports, enabling customers to improve efficiency and control costs. Burlington also utilizes an image processing system to centralize domestic airbill and related document storage in Burlington's computer for automated retrieval by any Burlington office. Burlington is implementing a positive tracking system called BAXTRAX, which uses bar code technology and hand-held scanners.

Burlington'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 November than during the other periods of the year. The lowest volume of shipments has generally occurred in January and February.

Aircraft Operations

Burlington utilizes a fleet of 28 leased or contracted and 5 owned aircraft providing regularly scheduled service throughout the United States and certain destinations in Canada and Mexico from its freight sorting hub in Toledo, Ohio. Burlington's fleet is also used for charters and to serve other international markets from time to time. The fleet and hub are primarily dedicated to providing reliable next-day service for domestic, Canadian and Mexican air cargo customers. Burlington owns 3 DC-8 and 2 B727-100 aircraft. At December 31, 1996, Burlington utilized 13 DC8's (including 11 DC8-71 aircraft) under leases for terms expiring between 1997 and 2003. Fifteen additional 727 cargo aircraft were under contract at December 31, 1996, for terms of less than two years. Based on the current state of the aircraft leasing market, Burlington believes that it should be able to renew these leases or enter into new leases on terms reasonably comparable to those currently in effect. Pittston has guaranteed Burlington's obligations under one lease covering one aircraft. The actual operation and routine maintenance of the aircraft owned or held under long-term lease by Burlington is contracted out, normally for two- to three-year terms, to federally certificated operators which supply the pilots and other flight services.

The nightly lift capacity in operation at December 31, 1996, was approximately 2.4 million pounds, calculated on an average freight density of 7.5 pounds per cubic foot. Burlington's nightly lift capacity varies depending upon the number and type of planes operated by Burlington at any particular time. Including trucking capacity available to Burlington, the aggregate daily cargo capacity through the hub at December 31, 1996, was approximately 3.3 million pounds.

For aircraft owned or held under long-term lease, Burlington 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 1996 Burlington had cash outlays totaling approximately $23 million on routine heavy maintenance of its

aircraft fleet. Burlington has made provision in its financial statements for the expected costs associated with aircraft operations and maintenance which it believes to be adequate; however, unanticipated maintenance costs or required aircraft modifications could adversely affect Burlington's profitability.

The average airframe age of the fleet leased by Burlington under leases with terms longer than two years is 29 years, although factors other than age, such as cycles (numbers of takeoffs or landings) can have a significant impact on an aircraft's serviceability. Generally, cargo aircraft tend to have fewer cycles than passenger aircraft over comparable time periods because they have fewer flights per day and longer flight segments.

Fuel costs are a significant element of the total costs of operating Burlington's aircraft fleet. For each one cent per gallon increase or decrease in the price of jet fuel, Burlington's airline operating costs may increase or decrease approximately $60,000 per month. In order to protect against price increases in jet fuel, from time to time Burlington 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.

Burlington has a lease expiring in October 2013, with the Toledo-Lucas County Port Authority covering its freight sorting hub and related facilities (the "Hub") at Toledo Express Airport in Ohio. The Hub consists of various facilities, including a technologically advanced material handling system which is capable of sorting approximately one million pounds of freight per hour.

Customers

Burlington's domestic and foreign customer base includes thousands of industrial and commercial shippers, both large and small. Burlington's customer base includes major companies in the automotive, computer, electronics, fashion, pharmaceutical and other industries where rapid delivery of high-value products is required. In 1996, no single customer accounted for more than 3% of Burlington's total worldwide revenues. Burlington does not have long-term, noncancellable contracts with any of its customers.

Competition

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

Government Regulation

The air transportation industry is subject to Federal regulation under the Federal Aviation Act of 1958, as amended, and pursuant to that statute, the Department of Transportation ("DOT") may exercise regulatory authority over Burlington. Although Burlington itself is exempt from most DOT economic regulations because it is an air freight forwarder, the operation of its aircraft is subject directly or indirectly to FAA airworthiness, directives and other safety regulations and its Toledo, Ohio, hub operations are directly affected by the FAA.

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

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

The Noise Act requires the FAA to promulgate regulations setting forth a schedule for the gradual phase-out of Stage II aircraft. The FAA has adopted rules requiring each "U.S. operator" to reduce the number of its Stage II aircraft by 25% by the end of 1994, by 50% by the end of 1996, and by 75% by the end of 1998.

The Noise Act imposes certain conditions and limitations on an airport's right to impose new noise or access restrictions on Stage II and Stage III aircraft but exempts present and certain proposed regulations from those requirements.

Fourteen of the 18 aircraft in Burlington's fleet held under long-term leases or owned now comply with the Stage III limits. Through 1999, Burlington anticipates hush-kitting one DC8-63 aircraft which currently does not comply with Stage III limits, leasing additional aircraft that do not meet Stage III limits and hush-kitting such planes as required, or acquiring aircraft that meet Stage III noise standards. Burlington has acquired, but not yet installed, one additional DC-8 Stage III hush-kit. In the event that additional expenditures would be required or costs were to be incurred at a rate faster than expected, Burlington could be adversely affected. Eleven of the DC8 cargo aircraft leased by Burlington have been reengined with CFM 56-2C1 engines which comply with Stage III noise standards.

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

International Operations

Burlington's international operations accounted for approximately 63% of its revenues in 1996. Included in international operations are export shipments from the United States.

Burlington is continuing to develop import/export and logistics business between shippers and consignees in countries other than the United States. Burlington currently serves most foreign countries, 118 of which are served by Burlington's network of company-operated stations and agent locations. Burlington has agents and sales representatives in many overseas locations, although such agents and representatives are not subject to long-term, noncancellable contracts.

A significant portion of Burlington's financial results is derived from activities in several foreign countries, each with a local currency other than the U.S. dollar. Because the financial results of Burlington are reported in U.S. dollars, they are affected by the changes in the value of the various foreign currencies in relation to the U.S. dollar. Burlington's international activity is not concentrated in any single currency, which limits the risks of foreign rate fluctuation. In addition, foreign currency rate fluctuations may adversely affect transactions which are denominated in currencies other than the functional currency. Burlington routinely enters into such transactions in the normal course of its business. Although the diversity of its foreign operations limits the risks associated with such transactions, Burlington uses foreign exchange forward contracts to hedge the risk associated with certain transactions denominated in currencies other than the functional currency. In addition, Burlington is subject to the risks customarily attendant upon operations owned by United States companies in countries outside the United States, including labor and economic conditions, controls on repatriation of earnings and capital, nationalization, political instability, expropriation and other forms of restrictive action by local governments. The future effects of such risks on Burlington cannot be predicted.

Employee Relations

Burlington and its subsidiaries have approximately 6,300 employees worldwide, of whom about 1,700 are classified as part-time. Approximately 140 of these employees (principally customer service, clerical and/or dock workers) in Burlington's stations at John F. Kennedy Airport, New York; Secaucus, New Jersey; and Toronto, Canada are represented by labor unions, which in most cases are affiliated with the International Brotherhood of Teamsters. The collective bargaining agreement for Toronto, Canada expired in 1996 and is currently being negotiated. Burlington did not experience any significant strike or work stoppage in 1996 and considers its employee relations satisfactory.

Substantially all of Burlington's cartage operations are conducted by independent contractors, and the flight crews for its aircraft are employees of the independent airline companies which operate such aircraft.

Properties

Burlington operates 267 (117 domestic and 150 international) stations with Burlington personnel, and has agency agreements at an additional 242 (54 domestic and 188 international) stations. These stations are located near primary shipping areas, generally at or near airports. Burlington-operated domestic stations, which generally include office space and warehousing facilities, are located in 46 states and Puerto Rico. Burlington-operated international facilities are located in 27 countries. Most stations serve not only the city in which they are located, but also nearby cities and towns. Nearly all Burlington-operated stations are held under lease. The Hub in Toledo, Ohio, is held under a lease expiring in 2013, with rights of renewal for three five-year periods. Other facilities, including the corporate headquarters in Irvine, California, are held under leases having terms of one to ten years.

Burlington owns or leases, in the United States and Canada, a fleet of approximately 33 automobiles as well as 159 vans and trucks utilized in station work or for hauling freight between airport facilities and Burlington's stations.

PITTSTON MINERALS GROUP

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

Coal Operations

General

Coal Operations produces coal from approximately 22 company-operated surface and deep mines located in Virginia, West Virginia and eastern Kentucky for consumption in the steam and metallurgical markets. Steam coal is sold primarily to utilities and industrial customers located in the eastern United States. Metallurgical coal is sold to steel and coke producers primarily located in Japan, Korea, the United States, Europe, the Mediterranean basin and Brazil. Coal Operations' strategy is to continue to develop its business as a low-cost producer of low sulphur steam coal and to increase its significant presence in the high-quality metallurgical coal markets.

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 medium volatile metallurgical coal reserves in the United States, along with other high quality feed stock seams in demand by the coke and steel-making industry.

Steam coal is sold primarily to domestic utility customers through long-term contracts (contracts in excess of one year) which have the effect of moderating the impact of short-term market conditions, thereby reducing one element of risk in new or expanded projects. Most of the steam coal consumed in the United States is used to generate electricity. Coal fuels approximately 500 of the nation's 3,000 electric power plants, with larger facilities consuming more than 10,000 tons of coal daily. Through September 1996, coal accounted for approximately 55% of the electricity generated by the electric utility industry. Coal Operations believes that it is well-positioned to take advantage of any increased demand for low sulfur steam coal. Such increased demand could result from factors such as regulatory requirements mandating lower emissions of sulfur dioxide and utility deregulation which should favor coal as the lowest cost energy source for power plants. In addition, the ongoing reduction in governmental subsidies for coal production in Europe may provide opportunities for Coal Operations to utilize its export infrastructure to penetrate the export thermal coal market as well.

In contrast, the market for metallurgical coal, for most of the past fifteen years, has been characterized by a weakening demand from primary steel producers, a move to non-metallurgical coal and/or weak metallurgical coal in coke and steel making and intense competition from foreign coal producers, especially those in Australia and Canada who benefited over this period from a declining currency value versus the U.S. dollar (coal sales contracts are denominated in U.S. dollars). Metallurgical coal sales contracts typically are subject to annual price renegotiation, which increases the exposure to market forces. Nonetheless, since late 1994, the supply/demand balance for metallurgical coal appears to have been in equilibrium. This is particularly true for the higher grades of coking coal.

During 1996, favorable conditions including a state tax credit for coal produced in Virginia, favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to make new investments in metallurgical coal mines. In late 1996, three new underground mines were opened, one mine and one coal preparation and loading facility previously scheduled for closure, continued to operate, and one coal preparation and loading facility was reopened. When in full production in early 1997, the three new mines will produce one million tons of medium volatile coal.

Production

The following table indicates the approximate tonnage of coal purchased and produced by the Coal Operations for the years ended 1996, 1995 and 1994:

	Years Ended December 31		
(In thousands of tons)	1996	1995	1994
Produced:			
Deep	3,930	3,982	4,857
Surface	11,151	12,934	15,107
Contract	1,621	1,941	2,364
	16,702	18,857	22,328
Purchased	5,762	6,047	5,826
Total	22,464	24,904	28,154

During 1996, Coal Operations' three large surface mines in Logan County, West Virginia (Tower Mountain, Bandmill and Boardtree) encountered operating difficulties which significantly impaired the profitability of these operations. As a result, a new operating plan will be adopted for these operations. Boardtree will close in mid-1997 at the end of its reserve life and Bandmill

was idled at the end of 1996. The remaining mine, Tower Mountain, will ship all of its production, estimated to be 2.9 million tons annually, on a direct basis.

Of the coal production in 1996, approximately 26% was produced for sale as metallurgical coal and 74% was produced for sale as steam coal.

Sales

The following table indicates the approximate tonnage of coal sold by Coal Operations in the years ended December 31, 1996, 1995 and 1994 in the domestic (United States and Canada) and export markets and by categories of customers:

(In thousands, except per ton amounts)	Years Ended December 31 1996	1995	1994
Domestic:			
Steel and coke producers	139	736	769
Utility, industrial and other	14,794	15,846	18,198
	14,933	16,582	18,967
Export:			
Utility, industrial and other	217	102	--
Steel and coke producers	7,821	7,712	9,115
Total sold	22,971	24,396	28,082
Average selling price per ton	$29.17	28.81	27.70

For the year ended December 31, 1996, Coal Operations sold approximately 23.0 million tons of coal, of which approximately 14.9 million tons were sold under long-term contracts. In 1995, Coal Operations sold approximately 24.4 million tons of coal, of which approximately 17.4 million tons were sold under long-term contracts. At December 31, 1996, approximately 58.6 million tons were committed for sale under long-term contracts expiring at various times through July 2007. Contracts relating to a certain portion of this tonnage are subject to periodic price renegotiation, which can result in termination by the purchaser or the seller prior to contract expiration in case the parties should fail to agree upon price.

During 1996, the ten largest domestic customers purchased 12.0 million tons of coal (52% of total coal sales and 81% of domestic coal sales, by tonnage). The three largest domestic customers purchased 7.6 million tons of coal for the year ended December 31, 1996 (33% of total coal sales and 51% of domestic coal sales, by tonnage). The largest single customer, American Electric Power Company, purchased 5.0 million tons of coal, accounting for 22% of total coal sales and 34% of domestic coal sales, by tonnage. In 1995, the ten largest domestic customers purchased 11.9 million tons of coal (49% of total coal sales and 71% of domestic coal sales, by tonnage). The three largest domestic customers purchased 6.8 million tons of coal in 1995 (28% of total coal sales and 41% of domestic coal sales, by tonnage). In 1995, American Electric Power Company purchased 4.1 million tons of coal, accounting for 17% of total coal sales and 25% of domestic coal sales, by tonnage.

Of the 8.0 million tons of coal sold in the export market in 1996, the ten largest customers accounted for 4.6 million tons (20% of total coal sales and 57% of export coal sales, by tonnage) and the three largest customers purchased 2.1 million tons (9% of total coal sales and 26% of export coal sales, by tonnage). Of the 7.8 million tons of coal sold in the export market in 1995, the ten largest customers accounted for 5.0 million tons (20% of total coal sales and 64% of export coal sales, by tonnage) and the three largest customers purchased 2.2 million tons (9% of total coal sales and 29% of export coal sales, by tonnage). Export coal sales are made principally under annual contracts or long-term contracts that are subject to annual price renegotiation. Under these export contracts, the price for coal is expressed and paid in United States dollars.

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

Contracts for the sale of metallurgical coal in the domestic and export markets are generally subject to price renegotiation on an annual basis. Approximately 2.0 million tons, or 26%, of Coal Operations' export coal sales of metallurgical coal in 1996 were made to Far East customers under contracts which continue in effect through various dates, the latest of which is March 31, 1997, in each case subject to annual negotiation of price and other terms. Negotiations with Far East customers have concluded for 1997 and basically mirror those of 1996 with respect to price. Export tonnages to Far East customers are expected to be lower in 1997, than in 1996. Coal Operations steam coal business for 1997 is substantially committed to contracts which will escalate in price according to governmental indices or preset escalation rates or, in certain cases, will be priced by agreement in negotiation.

Competition

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

In the export market, many foreign competitors, particularly Australian, South African and Canadian coal producers, benefit from certain competitive advantages existing in the countries in which they operate, such as less difficult mining conditions, lower transportation costs, less severe government regulation and lower labor and health benefit costs, as well as currencies which have generally depreciated against the United States dollar, although the Australian dollar has appreciated relative to the U.S. dollar in 1996. The metallurgical coal produced by Coal Operations is generally of higher quality, and is often used by foreign steel producers to blend with coals from other sources to improve the quality of coke and coke oven efficiency. However, in recent years, steel producers have developed facilities and techniques which, to some extent, enable them to accept lower quality metallurgical coal in their coke ovens. Moreover, new technologies for steel production which utilize pulverized coal injection, direct reduction iron and the electric arc furnace have reduced the demand for all types of metallurgical coal. However, the use of lesser quality coals and less coke in the blast furnace has increased the importance of coke strength and the importance of medium volatile coal.

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

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

Environmental Matters

The Surface Mining Control and Reclamation Act of 1977 and the regulations promulgated thereunder ("SMCRA") by the Federal Office of Surface Mining Reclamation and Enforcement ("OSM"), and the enforcement thereof by the U.S. Department of the Interior, establish mining and reclamation standards for all aspects of surface mining as well as many aspects of deep mining. SMCRA also imposes a tax of $0.35 on each ton of surface-mined coal and $0.15 on each ton of deep-mined coal. OSM and its state counterparts monitor compliance with SMCRA and its regulations by the routine issuance of "notices of violation" which direct the mine operator to correct the cited conditions within a stated period of time. 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.

Coal operations was involved in previously reported litigation with the state and federal agencies that regulate the environmental aspects of underground and surface mining. The litigation arose from the agencies' attempt to hold Coal Operations liable for the unabated violations, civil penalties, and Abandoned Mined Lands ("AML") fees of other companies ("contractors") that have contracted in the past to mine Coal Operations' coal. In so doing, the agencies retroactively applied "ownership or control" regulations first promulgated in 1988, to past transactions and ended relationships. The regulations are designed to "block" or deny mining permits to any company that is "linked" by "ownership or control" to another company that has outstanding violations, penalties or fees. The company that is so linked cannot obtain new permits until the outstanding liabilities of the violator are satisfied.

Coal Operations has settled the contractor liabilities with the Commonwealth of Virginia, where almost all of the contractors operated. In this settlement, which has been approved by the Governor of Virginia, Coal Operations agreed to reimburse the state approximately $.2 million in reclamation costs and to complete reclamation at several contractor sites. Under the agreement, Pittston will have no further liability to the Commonwealth for these contractors.

Coal Operations has also settled with OSM, which retains oversight authority in Virginia and other coal-producing states. This comprehensive agreement, which had been under discussion for several years, requires Coal Operations to pay approximately $.4 million in AML fees to OSM and obligates Coal Operations to complete reclamation at various contractor sites.

Following completion of this settlement agreement, the United States Court of Appeals for the D.C. Circuit Court held that OSM's ownership and control regulations were invalid as an over-broad reading of the underlying statute. Coal Operations is evaluating the impact of this ruling upon its obligations under the settlement 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.

While it is not possible to quantify the costs of compliance with all applicable federal and state laws, those costs have been and are expected to continue to be significant. In that connection, it is estimated that Coal Operations made capital expenditures for environmental control facilities in the amount of approximately $1.0 million in 1996 and estimates expenditures of $1.4 million in 1997. Compliance with these laws has substantially increased the cost of coal mining, but is, in general, a cost common to all domestic coal producers. The Company believes that the competitive position of Coal Operations has not been and should not be adversely affected except in the export market where Coal Operations competes with various foreign producers not subject to regulations prevalent in the U.S.

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, which, among other things, permit utilities to use low sulphur coals in lieu of constructing expensive sulphur dioxide removal systems. The Company believes this should have a favorable impact on the marketability of Coal Operations' extensive reserves of low sulphur coals. However, the Company cannot predict at this time the timing or extent of such favorable impact.

Mine Health and Safety Laws
The coal operating companies included within Coal Operations are generally liable under federal laws requiring payment of benefits to coal miners with pneumoconiosis ("black lung"). The Black Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977 (the "1977 Act"), as amended by the Black Lung Benefits and Revenue Amendments Act of 1981 (the "1981 Act"), expanded the benefits for black lung disease and levied a tax on coal production of $1.10 per ton for deep-mined coal and $0.55 per ton for surface-mined coal, but not to exceed 4.4% of the sales price. In addition, the 1981 Act provides that certain claims for which coal operators had previously been responsible will be obligations of the government trust funded by the tax. The 1981 Act also tightened standards set by the 1977 Act for establishing and maintaining eligibility for benefits. The Revenue Act of 1987 extended the termination date of the tax from January 1, 1996 to the earlier of January 1, 2014 or the date on which the government trust becomes solvent. The Company cannot predict whether any future legislation effecting changes in the tax will be enacted.

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.

Employee Relations
At December 31, 1996, approximately 720 of the 2,100 employees of Coal Operations were members of the UMWA. The remainder of such employees are either unrepresented hourly employees or supervisory personnel. Since 1990, no significant labor disruptions involving UMWA-represented employees have occurred. Coal Operations believes that its employee relations are satisfactory.

Health Benefit Act
In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which "signatory operators" and "related persons," including the Company and certain of its subsidiaries (collectively, the "Pittston Companies"), are jointly and severally liable to pay annual premiums for assigned beneficiaries, together with a pro rata share for certain beneficiaries who never worked for such employers, including, in the Company's case, the Pittston Companies ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. In October 1993, the Pittston Companies received notices from the Social Security Administration (the "SSA") with regard to their assigned beneficiaries for which they are responsible under the Health Benefit Act. For 1996 and 1995, these amounts were approximately $10.4 million and $10.8 million, respectively. The Company believes that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately a $10 million per year range for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

Based on the number of beneficiaries actually assigned by the SSA, the Company estimates the aggregate pretax liability relating to the Pittston Companies' assigned beneficiaries at December 31, 1996 at approximately $210 million, which when discounted at 8.0% provides a present value estimate of approximately $90 million.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements, and such federal health benefit legislation of general application as may be enacted. In addition, the Health

Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of the health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined. The Company accounts for the obligation under the Health Benefit Act as a participant in a multi-employer plan and recognizes the annual cost on a pay-as-you-go basis.

Evergreen Case

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

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

As a result of the settlement of the Evergreen Case, at an amount lower than previously accrued, the Company recorded a pretax benefit of $35.7 million ($23.2 million after tax) in the first quarter of 1996 in its consolidated financial statements and in its financial statements for the Minerals Group.

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. In addition, Coal Operations has interests in the timber and oil and gas businesses.

Pittston estimates that Coal Operations' proven and probable surface mining, deep mining and total coal reserves as of December 31, 1996 were 126 million, 211 million and 337 million tons, respectively. Such estimates represent economically recoverable and minable tonnage and include allowances for extraction and processing.

Of the 337 million tons of proved and probable coal reserves as of year-end 1996, approximately 76% has a sulphur content of less than 1% (which is generally regarded in the industry as low sulphur coal) and approximately 24% has a sulphur content greater than 1%. Approximately 42% of total proven and probable reserves consist of metallurgical grade coal.

As of December 31, 1996, Coal operations controlled approximately 807 million tons of additional coal deposits in the eastern United States, which cannot be expected to be economically recovered without market improvement and/or the application of new technologies. The reduction in tons from the 871 million at December 31, 1995 is mainly due to the sale of the Badger Coal operations in West Virginia in 1996. Coal Operations also owns substantial quantities of low sulphur coal deposits in Sheridan County, Wyoming.

Most of the oil and gas rights associated with Coal Operations' properties are managed by an indirect wholly owned subsidiary of Pittston which, in general, receives royalty and other income from oil and gas development and operation by third parties. Annual net working and royalty interests exceed 3.0 Bcf. Coal Operations also receives incidental income from the sale of timber cutting rights on certain properties as well as from the operation of a sawmill. Coal Operations controls approximately 100 thousand acres of hardwood forests.

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. For information relating to the financing arrangements for DTA, see Note 13 to Minerals Group Financial Statements included in Part II hereof.

Mineral Ventures

Mineral Ventures' business is directed at locating and acquiring mineral assets, advanced stage projects and operating mines. Mineral Ventures is currently evaluating gold projects in North America and Australia. An exploration office has been opened in Reno, Nevada, to coordinate Mineral Ventures' expanded exploration program in the Western United States. In 1996, Mineral Ventures expended approximately $3.2 million on all such programs.

The Stawell gold mine, located in the Australian state of Victoria, in which Mineral Ventures has a net equity interest of 67%, produced approximately 90,900 ounces of gold in 1996. Mineral Ventures estimates that on December 31, 1996, the Stawell gold mine had approximately 531,000 ounces of recoverable proven and probable gold reserves. In-mine exploration at Stawell continues to generate positive results.

Mineral Ventures has a 17% indirect interest in the recently discovered Silver Swan base metals property in Western Australia. Probable reserves are currently estimated at 640,000 metric tonnes of ore graded at 9.5% nickel, with minor cobalt, copper and arsenic values, and are anticipated to increase as a result of current exploration efforts. Feasibility studies at Silver Swan are well advanced and mining is currently expected to commence in mid-1997.

MATTERS RELATING TO FORMER OPERATIONS

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

Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs, on an undiscounted basis, using existing technologies to be between $6.9 million and $17.0 million over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The clean-up estimates have been modified from prior years' in light of cost inflation. 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, unforseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgment. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. The Company appealed the District Court's decision to the Third Circuit. Management and its outside legal counsel continue to believe, however, that recovery of a substantial portion of the cleanup costs ultimately will be probable of realization. It is the Company's belief that, based on estimates of potential liability and probable realization of insurance recoveries, the Company would be liable for approximately $1.4 million based on the Court's decision and related developments of New Jersey law.

ITEM 3. LEGAL PROCEEDINGS

For a description of the Evergreen Case, see Items 1 and 2: "Pittston Minerals Group-- Description of Businesses-- Coal Operations --Evergreen Case."

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

Not applicable.

The Pittston Company and Subsidiaries
Executive Officers of the Registrant

The following is a list as of March 15, 1997, 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:			
Joseph C. Farrell	61	Chairman, President and Chief Executive Officer	1991
Gary R. Rogliano	45	Senior Vice President	1996
James B. Hartough	49	Vice President-Corporate Finance and Treasurer	1988
Frank T. Lennon	55	Vice President-Human Resources and Administration	1985
Austin F. Reed	45	Vice President, General Counsel and Secretary	1994
Other Officers:			
Jonathan M. Sturman	54	Vice President-Corporate Development	1995
Arthur E. Wheatley	54	Vice President and Director of Risk Management	1988
Subsidiary Officers:			
Michael T. Dan	46	President and Chief Executive Officer of Brink's, Incorporated	1993
Karl K. Kindig	45	President and Chief Executive Officer of Pittston Coal Company	1995
Peter A. Michel	54	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. Farrell was elected to his present position effective October 1, 1991. From July 1990 through September 1991, he served as President and Chief Operating Officer of Pittston, and from 1984 to 1990, he served as Executive Vice President of Pittston.

Mr. Rogliano was elected to his present position on March 8, 1996. From 1991 to March 1996, he served as Vice President-Controllership and Taxes and from 1986 to 1991, he served as Vice President and Director of Taxes of Pittston.

Mr. Reed has served as Vice President and Secretary since September 1993 and was elected General Counsel in March 1994. Since 1989 he has served as General Counsel to Brink's, Incorporated and Burlington Air Express Inc.

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

Mr. Sturman was elected to his present position on February 3, 1995, having served from December 1993 as Assistant to the Chairman of Pittston. Mr. Sturman was Chief Financial Officer of Brink's, Incorporated, from August 1992 to December 1993, Vice President, Operations Review of Pittston from October 1991 to August 1992 and Vice President and Controller of Pittston from 1986 through October 1991.

Mr. Dan was elected President and Chief Executive Officer of Brink's, Incorporated in July 1993. 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. Kindig was elected President and Chief Executive Officer of Pittston Coal Company on January 1, 1995. He served as Vice President-Corporate Development of Pittston from October 1991 to January 15, 1995. From 1990 to 1991 he served as Vice President and General Counsel of Pittston Coal Management Company, and from 1986 to 1990 he served as Counsel to Coal 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 Company.

PART II

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

The Pittston Company and Subsidiaries
Common Stock

	Market Price High	Market Price Low	Declared Dividends
1995			
Pittston Services Group			
1st Quarter	$ 27.75	23.75	$ .05
2nd Quarter	29.50	22.50	.05
3rd Quarter	29.50	23.13	.05
4th Quarter	32.63	26.50	.05
Pittston Minerals Group			
1st Quarter	$ 26.00	17.25	$ .1625
2nd Quarter	18.13	9.50	.1625
3rd Quarter	13.00	9.75	.1625
4th Quarter	14.75	9.38	.1625
1996			
Pittston Brink's Group			
1st Quarter (a)	$ 28.13	22.38	$ .025
2nd Quarter	30.50	25.88	.025
3rd Quarter	32.00	27.63	.025
4th Quarter	32.75	23.13	.025
Pittston Burlington Group			
1st Quarter (b)	$ 21.00	17.00	$ .06
2nd Quarter	21.63	18.00	.06
3rd Quarter	21.50	17.50	.06
4th Quarter	20.50	17.88	.06
Pittston Minerals Group			
1st Quarter	$ 15.88	12.88	$ .1625
2nd Quarter	15.75	12.38	.1625
3rd Quarter	15.00	11.13	.1625
4th Quarter	15.50	11.25	.1625

(a) First quarter market high and low prices for the Pittston Brink's Group represent prices commencing on the first business day following the Brink's Stock Proposal Transaction (January 19, 1996) through March 31, 1996.

(b) First quarter market high and low prices for the Pittston Burlington Group represent prices commencing on the first date of when issued trading of Burlington Stock in conjunction with the Brink's Stock Proposal Transaction (January 3, 1996) through March 31, 1996.

During 1995, Pittston Services Group Common Stock ("Services Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") traded on the New York Stock Exchange under the ticker symbols "PZS" and "PZM", respectively.

During 1996, Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston Burlington Group Common Stock ("Burlington Stock"), and Minerals Stock traded on the New York Stock Exchange under the ticker symbols "PZB", "PZX" and "PZM", respectively.

Effective January 19, 1996, the outstanding shares of the Company's Services Stock were redesignated as Pittston Brink's Group Common Stock ("Brink's Stock") and a new class of common stock, designated as Pittston Burlington Group Common Stock ("Burlington Stock"), was distributed to holders of Services Stock on the basis of one-half of one share for each share of Services Stock. When issued trading for Brink's Stock and Burlington Stock commenced on January 3, 1996 and such stocks trade on the New York Stock Exchange.

As of March 3, 1997, there were approximately 5,300 shareholders of record of Brink's Stock, approximately 4,700 shareholders of record of Burlington Stock and approximately 4,300 shareholders of record of Minerals Stock.

ITEM 6. SELECTED FINANCIAL DATA

The Pittston Company and Subsidiaries

SELECTED FINANCIAL DATA

Five Years in Review

(In thousands, except per share amounts)	1996	1995	1994	1993	1992
Sales and Income:					
Net sales and operating revenues	$ 3,106,644	2,926,067	2,667,275	2,256,121	2,073,041
Net income (a)	104,154	97,972	26,897	14,146	49,087
Financial Position:					
Net property, plant and equipment	$ 540,851	486,168	445,834	369,821	376,872
Total assets	1,812,879	1,807,372	1,737,778	1,361,501	1,322,288
Long-term debt, less current maturities	158,837	133,283	138,071	58,388	91,208
Shareholders' equity	606,707	521,979	447,815	353,512	341,460
Average Common Shares Outstanding (b):					
Pittston Brink's Group	38,200	37,931	37,784	36,907	37,081
Pittston Burlington Group	19,223	18,966	18,892	18,454	18,541
Pittston Minerals Group	7,897	7,786	7,594	7,381	7,416
Common Shares Outstanding (b):					
Pittston Brink's Group	41,296	41,574	41,595	41,429	40,533
Pittston Burlington Group	20,711	20,787	20,798	20,715	20,267
Pittston Minerals Group	8,406	8,406	8,390	8,281	8,107
Per Pittston Brink's Group Common Share (b):					
Net income (a)	$ 1.56	1.35	1.10	.86	.65
Cash dividends	.10	.09	.09	.09	.07
Book value	8.21	6.81	5.70	4.66	4.03
Per Pittston Burlington Group Common Share (b):					
Net income	$ 1.76	1.73	2.03	.84	.18
Cash dividends	.24	.22	.22	.21	.17
Book value	15.70	14.30	12.74	10.81	9.93
Per Pittston Minerals Group Common Share (b):					
Net income (loss) (c)	$ 1.14	1.45	(7.50)	(4.47)	2.94
Cash dividends	.65	.65	.65	.6204	.4924
Book value (d)	(8.38)	(9.46)	(10.74)	(3.31)	1.68

(a) As of January 1, 1992, Brink's Home Security, Inc. ("BHS") elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase income before extraordinary credit and cumulative effect of accounting changes and net income of the Company and the Brink's Group by $2,723 or $0.07 per share of Brink's Stock in 1996, $2,720 or $0.07 per share of Brink's Stock in 1995, $2,486 or $0.07 per share of Brink's Stock in 1994, $2,435 or $0.07 per share of Brink's Stock in 1993 and $2,596 or $0.07 per share of Brink's Stock in 1992.

(b) All share and per share data presented reflects the completion of the Brink's Stock Proposal transaction which occurred on January 18, 1996. For periods prior to the completion of the Brink's Stock Proposal, the number of shares of Pittston Brink's Group Common Stock ("Brink's Stock") are assumed to be the same as the total number of shares of The Pittston Company's (the "Company") previous Pittston Services Group Common Stock ("Services Stock") and the number of shares of Pittston Burlington Group Common Stock ("Burlington Stock") are assumed to equal one-half of the number of shares of the Company's previous Services Stock.

Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust. For the Pittston Brink's Group (the "Brink's Group"), such shares totaled 3,141 shares, 3,553 shares, 3,779 shares and 3,854 shares at December 31, 1996, 1995, 1994, and 1993, respectively. For the Pittston Burlington Group (the "Burlington Group"), such shares totaled 1,280 shares, 1,777 shares, 1,890 shares and 1,927 shares at December 31, 1996, 1995, 1994 and 1993, respectively. For the Pittston Minerals Group (the "Minerals Group"), such shares totaled 424 shares, 594 shares, 723 shares and 770 shares at December 31, 1996, 1995, 1994 and 1993, respectively. Average shares outstanding do not include these shares.

The initial dividends on Brink's Stock and Burlington Stock were paid on March 1, 1996. Dividends paid by the Company on Services Stock have been attributed to the Brink's Group and the Burlington Group in relation to the initial dividends paid on the Brink's and Burlington Stocks.

(c) The amounts indicated represent primary earnings per share. For the years ended December 31, 1996 and 1995, fully diluted earnings per share for Minerals Stock was $1.08 and $1.40, respectively, based on average common shares outstanding of 9,906 and 9,999, respectively. For the years ended December 31, 1994, 1993 and 1992, fully diluted earnings per share is considered to be the same as primary since the effect of common stock equivalents and the assumed conversion of preferred stock was either antidilutive or insignificant.

(d) Calculated based on the number of shares outstanding at the end of the period excluding shares outstanding under the Company's Employee Benefits Trust.

Pittston Brink's Group

SELECTED FINANCIAL DATA

The following Selected Financial Data reflects the results of operations and financial position of the businesses which comprise Pittston Brink's Group ("Brink's Group") and should be read in connection with the Brink's Group's financial statements. The financial information of the Brink's Group, Pittston Burlington Group ("Burlington Group") and Pittston Minerals Group ("Minerals Group") supplements the consolidated financial information of The Pittston Company and Subsidiaries (the "Company") and, taken together, includes all accounts which comprise the corresponding consolidated financial information of the Company.

Five Years in Review

(In thousands, except per share amounts)	1996	1995	1994	1993	1992
Sales and Income:					
Operating revenues	$909,813	788,395	656,993	570,953	514,823
Net income (a)	59,695	51,093	41,489	31,650	23,953
Financial Position:					
Net property, plant and equipment	$256,759	214,653	180,930	156,976	142,648
Total assets	551,665	484,726	426,887	377,923	347,015
Long-term debt, less current maturities	5,542	5,795	7,990	12,649	22,734
Shareholder's equity	313,378	258,805	215,531	175,219	147,582
Average Pittston Brink's Group Common Shares Outstanding (b)	38,200	37,931	37,784	36,907	37,081
Pittston Brink's Group Common Shares Outstanding (b)	41,296	41,574	41,595	41,429	40,533
Per Pittston Brink's Group Common Share (a):					
Net income (a)	$ 1.56	1.35	1.10	.86	.65
Cash dividends	.10	.09	.09	.09	.07
Book value (c)	8.21	6.81	5.70	4.66	4.03

(a) As of January 1, 1992, Brink's Home Security, Inc. ("BHS") elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase income before extraordinary credit and cumulative effect of accounting changes and net income of the Brink's Group by $2,723 or $0.07 per share in 1996, $2,720 or $0.07 per share in 1995, $2,486 or $0.07 per share in 1994, $2,435 or $0.07 per share in 1993 and $2,596 or $0.07 per share in 1992.

(b) All share and per share data presented reflects the completion of the Brink's Stock Proposal transaction which occurred on January 18, 1996. For periods prior to the completion of the Brink's Stock Proposal, the number of shares of Pittston Brink's Group Common Stock ("Brink's Stock") are assumed to be the same as the total number of shares of the Company's previous Pittston Services Group Common Stock ("Services Stock"). Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust of 3,141 shares, 3,553 shares, 3,779 shares and 3,854 shares at December 31, 1996, 1995, 1994 and 1993, respectively. Average shares outstanding do not include these shares. The initial dividends on Brink's Stock were paid on March 1, 1996. Dividends paid by the Company on Services Stock have been attributed to the Brink's Group in relation to the initial dividends paid on the Brink's and Burlington Stocks.

(c) Calculated based on the number of shares outstanding at the end of the period excluding shares outstanding under the Company's Employee Benefits Trust.

Pittston Burlington Group

SELECTED FINANCIAL DATA

The following Selected Financial Data reflects the results of operations and financial position of the businesses which comprise Pittston Burlington Group ("Burlington Group") and should be read in connection with the Burlington Group's financial statements. The financial information of the Burlington Group, Pittston Brink's Group ("Brink's Group") and Pittston Minerals Group ("Minerals Group") supplements the consolidated financial information of The Pittston Company and Subsidiaries (the "Company") and, taken together, includes all accounts which comprise the corresponding consolidated financial information of the Company.

Five Years in Review

(In thousands, except per share amounts)	1996	1995	1994	1993	1992
Sales and Income:					
Operating revenues	$1,500,318	1,414,821	1,215,284	998,079	900,347
Net income	33,801	32,855	38,356	15,476	3,324
Financial Position:					
Net property, plant and equipment	$ 113,283	72,171	44,442	31,100	27,088
Total assets	615,674	572,077	521,516	432,236	424,023
Long-term debt, less current maturities	28,723	26,697	41,906	45,460	68,474
Shareholder's equity	304,989	271,853	240,880	203,150	181,576
Average Pittston Burlington Group Common Shares Outstanding (a)	19,223	18,966	18,892	18,454	18,541
Pittston Burlington Group Common Shares Outstanding (a)	20,711	20,787	20,798	20,715	20,267
Per Pittston Burlington Group Common Share (a):					
Net income	$ 1.76	1.73	2.03	.84	.18
Cash dividends	.24	.22	.22	.21	.17
Book value (b)	15.70	14.30	12.74	10.81	9.93

(a) All share and per share data presented reflects the completion of the Brink's Stock Proposal transaction which occurred on January 18, 1996. For periods prior to the completion of the Brink's Stock Proposal, the number of shares of Pittston Burlington Group Common Stock ("Burlington Stock") are assumed to be equal to one-half of the number of shares of the Company's previous Pittston Services Group Common Stock ("Services Stock"). Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust of 1,280 shares, 1,777 shares, 1,890 shares and 1,927 shares at December 31, 1996, 1995, 1994 and 1993, respectively. Average shares outstanding do not include these shares. The initial dividends of Burlington Stock were paid on March 1, 1996. Dividends paid by the Company on Services Stock have been attributed to the Burlington Group in relation to the initial dividend paid on the Burlington and Brink's Stocks.

(b) Calculated based on the number of shares outstanding at the end of the period excluding shares outstanding under the Company's Employee Benefits Trust.

Pittston Minerals Group

SELECTED FINANCIAL DATA

The following Selected Financial Data reflects the result of operations and financial position of the businesses which comprise Pittston Minerals Group ("Minerals Group") and should be read in connection with the Minerals Group's financial statements. The financial information of the Minerals Group, Pittston Brink's Group ("Brink's Group") and Pittston Burlington Group ("Burlington Group") supplements the consolidated financial information of The Pittston Company and Subsidiaries (the "Company") and, taken together, includes all accounts which comprise the corresponding consolidated financial information of the Company.

Five Years in Review

(In thousands, except per share amounts)	1996	1995	1994	1993	1992
Sales and Income (Loss):					
Net sales	$ 696,513	722,851	794,998	687,089	657,871
Net income (loss)	10,658	14,024	(52,948)	(32,980)	21,810
Financial Position:					
Net property, plant and equipment	$ 170,809	199,344	220,462	181,745	207,136
Total assets	706,981	798,609	867,512	606,247	587,696
Long-term debt, less current maturities	124,572	100,791	88,175	279	--
Shareholder's equity	(11,660)	(8,679)	(8,596)	(24,857)	12,302
Average Pittston Minerals Group Common Shares Outstanding (a)	7,897	7,786	7,594	7,381	7,416
Pittston Minerals Group Common Shares Outstanding (a)	8,406	8,406	8,390	8,281	8,107
Per Pittston Minerals Group Common Share (a):					
Net income (loss) (b)	$ 1.14	1.45	(7.50)	(4.47)	2.94
Cash dividends	.65	.65	.65	.6204	.4924
Book value (c)	(8.38)	(9.46)	(10.74)	(3.31)	1.68

(a) Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust of 424 shares, 594 shares, 723 shares and 770 shares at December 31, 1996, 1995, 1994 and 1993, respectively. Average shares outstanding do not include these shares.

(b) The amounts indicated represent primary earnings per share. For the years ended December 31, 1996 and 1995, fully diluted earnings per share for Minerals Stock was $1.08 and $1.40, respectively, based on average common shares outstanding of 9,906 and 9,999, respectively. For the years ended December 31, 1994, 1993 and 1992, fully diluted earnings per share is considered to be the same as primary since the effect of common stock equivalents and the assumed conversion of preferred stock was either antidilutive or insignificant.

(c) Calculated based on the number of shares outstanding at the end of the period excluding shares outstanding under the Company's Employee Benefits Trust.

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

The Pittston Company and Subsidiaries

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

(In thousands)	Years Ended December 31 1996	1995	1994
Net sales and operating revenues:			
Brink's	$ 754,011	659,459	547,046
BHS	155,802	128,936	109,947
Burlington	1,500,318	1,414,821	1,215,284
Coal Operations	677,393	706,251	779,504
Mineral Ventures	19,120	16,600	15,494
Net sales and operating revenues	$ 3,106,644	2,926,067	2,667,275
Operating profit (loss):			
Brink's	$ 56,823	42,738	39,710
BHS	44,872	39,506	32,432
Burlington	64,604	58,723	69,224
Coal Operations	20,034	23,131	(83,451)
Mineral Ventures	1,619	207	1,134
Segment operating profit	187,952	164,305	59,049
General corporate expense	(21,445)	(16,806)	(16,176)
Operating profit	$ 166,507	147,499	42,873

The Pittston Company (the "Company") reported net income of $104.2 million in 1996 compared with net income of $98.0 million in 1995. Operating profit totaled $166.5 million in 1996, an increase of $19.0 million over the prior year. Operating profit and net income for 1996 included three significant items which impacted the Company's Pittston Coal Company ("Coal Operations"): a benefit from the settlement of the Evergreen case (discussed below) at an amount lower than previously accrued ($35.7 million or $23.2 million after-tax), a charge related to the new accounting standard regarding the impairment of long-lived assets ($29.9 million or $19.5 million after-tax) and the reversal of excess restructuring liabilities ($11.7 million or $7.6 million after-tax). In addition, net income in 1996 benefited from increased operating profits at the Company's Brink's Home Security, Inc. ("BHS"), Brink's, Incorporated ("Brink's"), Pittston Mineral Ventures ("Mineral Ventures") and Burlington Air Express Inc. ("Burlington") businesses. These increases were partially offset by lower operating profit at the Company's Coal Operations business and by higher general corporate expenses primarily resulting from the relocation of the Company's corporate headquarters to Richmond, Virginia.

Net income for the Company for 1995 was $98.0 million compared with $26.9 million for 1994. Operating profit totaled $147.5 million for 1995, compared with $42.9 million for 1994. The $71.1 million increase in net income in 1995 primarily reflects the inclusion in 1994 of after-tax writedowns and accruals totaling $58.1 million attributable to the Company's Coal Operations related to facility shutdowns. These writedowns and accruals impacted the 1994 operating profit by $90.8 million. In addition, net income for 1995 benefited from increased earnings the operations of Coal Operations, Brink's and BHS, partially offset by decreases in earnings at Burlington and Mineral Ventures.

Brink's

The following is a table of selected financial data for Brink's on a comparative basis:

(In thousands)	Years Ended December 31 1996	1995	1994
Operating revenues:			
North America (United States and Canada)	$418,941	379,230	337,641
International subsidiaries	335,070	280,229	209,405
Total operating revenues	$754,011	659,459	547,046
Operating expenses	605,851	533,109	438,851
Selling, general and administrative	93,770	84,507	74,398
Total costs and expenses	699,621	617,616	513,249
Other operating income, net	2,433	895	5,913
Operating profit:			
North America (United States and Canada)	$ 34,387	29,159	23,235
International operations	22,436	13,579	16,475
Total operating profit	$ 56,823	42,738	39,710

Depreciation and amortization	$ 24,293	21,844	20,553
Cash capital expenditures	$ 32,149	22,415	22,312

Brink's worldwide consolidated revenues totaled $754.0 million in 1996 compared to $659.5 million in 1995, a 14% increase. Brink's 1996 operating profit of $56.8 million represented a 33% increase over the $42.7 million operating profit reported in 1995. Total costs and expenses in 1996 increased by $82.0 million (13%). Other operating income increased $1.5 million to $2.4 million, from $0.9 million in the prior year.

Revenues from North American operations (United States and Canada) increased $39.7 million, or 10%, to $418.9 million in 1996 from $379.2 million in 1995. North American operating profit increased $5.2 million (18%) to $34.4 million in the current year period from $29.2 million in 1995. The operating profit improvement for 1996 primarily resulted from improved armored car operations, which includes ATM servicing and improved currency processing operations.

Revenues from international subsidiaries increased $54.9 million to $335.1 million in 1996 from $280.2 million in 1995. Consolidation of the results of Brink's Colombia, in which Brink's increased its ownership from 47% to 51% in the third quarter of 1995, accounted for approximately $22.0 million of the increase in international revenues. Brink's Brazil revenues also increased $16.9 million from $106.7 million in 1995 to $123.6 million in 1996. Operating profits from international subsidiaries and minority-owned affiliates amounted to $22.4 million in the current year period compared to $13.6 million in the prior year period. The increase in operating profits was primarily due to increases in Brink's international diamond and jewelry operations of $1.2 million, as well as improvements in Brink's Latin American operations, offset, in part, by lower operating results in Europe. European operating profit decreased $2.1 million due to lower operating results in Holland and France, offset partially by improvements in the United Kingdom. The Asia/Pacific region also achieved a modest increase of $0.7 million in operating profit during 1996.

Latin America's increase in operating profit, $9.0 million, includes a $3.1 million benefit from the consolidation of the results of Brink's Colombia (51% owned) as well as improvements in Colombia's operations. Brink's Brazil (100% owned) operating profit also increased $1.6 million from $5.3 million in 1995 to $6.9 million in 1996. Equity in earnings from Brink's Mexican affiliate (20% owned) amounted to $2.9 million compared with a $2.5 million loss recorded in 1995. The Mexican affiliate's results in 1995 were adversely impacted by the devaluation of the local currency, the decline in general economic conditions, high local interest rates and the costs associated with workforce reductions.

As part of its global growth strategy, in early 1997, Brink's increased its ownership positions in its affiliates in Venezuela, Peru and The Netherlands. In Venezuela, Brink's increased its ownership from 15% to 61% in Custodia y Traslado de Valores C.A. ("Custravalca"), the largest armored car company in Venezuela, for a purchase price of approximately $31 million. The remaining 39% is held by a group of local investors including Venezuelan banks. In conjunction with the Custravalca transaction, Brink's also acquired a 31% indirect interest in Brink's Peru S.A., the largest armored car company in Peru increasing its ownership of Brink's Peru to 36%. Brink's has also acquired the remaining interests in Brink's Hong Kong and Brinks-Nedlloyd, the largest armored car company in The Netherlands, increasing Brink's ownership of these companies to 100%. These acquisitions are expected to increase consolidated international revenues and operating profits of Brink's and should be accretive to the earnings of the Brink's Group beginning in 1997.

Brink's 1995 consolidated operating profit of $42.7 million amounted to a $3.0 million (8%) increase over the $39.7 million operating profit recorded in 1994. Revenues increased by $112.4 million to $659.5 million, 21% higher than the 1994 level. Total costs and expenses increased by $104.4 million to $617.6 million, a 20% increase over the prior year. Other operating income of $0.9 million in 1995 represented a $5.0 million decline from the amount reported in 1994, principally reflecting a reduction in equity income from unconsolidated foreign affiliates, primarily Mexico.

Revenues from North American (United States and Canada) operations totaled $379.2 million in 1995, $41.6 million (12%) higher than the 1994 level. North American operating profit amounted to $29.2 million, an increase of $5.9 million (25%) compared to the $23.2 million recorded in 1994. The favorable change in operating profit was largely attributable to improved results generated by the armored car business, which includes ATM servicing, as well as higher earnings from the diamond and jewelry and currency processing businesses, partially offset by a decline in profit from the air courier business.

Revenues from consolidated international subsidiaries increased by $70.8 million (34%) to $280.2 million in 1995, but operating profit from international subsidiaries and affiliates declined by 18%, to $13.6 million, from $16.5 million in the prior year. The increase in revenues principally reflects additional business volume and higher prices in Brazil, the favorable impact from the decline in the value of the U.S. dollar on foreign currency translation and the consolidation of Colombian operations as a result of Brink's acquiring a majority ownership of that company in the third quarter of 1995. The decline in operating profit from international subsidiaries and affiliates principally was due to a $5.3 million deterioration in the reported results of Brink's Mexican affiliate with Brink's share of the company's results

amounting to a $2.5 million loss in 1995 compared to a profit of $2.8 million in 1994. The Mexican affiliate's results in 1995 were adversely impacted by the devaluation of the local currency in December 1994, the decline in general economic conditions, high local interest rates and the costs associated with workforce reductions in the business. Operating profit in the Latin America region, which includes Mexico, decreased by $1.4 million in 1995 compared to the prior year, reflecting the decline in Mexican earnings, mostly offset by improved results in Brazil and higher reported earnings from Colombia. Brink's Brazil reported an operating profit of $5.3 million in 1995 compared to an operating profit of $3.2 million in the prior year. The increase in Colombia largely reflects the impact of the consolidation of results subsequent to Brink's acquisition of a majority ownership position in the company. Earnings declined by $2.6 million in the European region, while results in the Asian/Pacific region increased by $0.9 million.

BHS

The following is a table of selected financial data for BHS on a comparative basis:

(Dollars in thousands)	Years Ended December 31 1996	1995	1994
Operating revenues	$ 155,802	128,936	109,947
Operating expenses	81,324	66,575	59,334
Selling, general and administrative	29,606	22,855	18,181
Total costs and expenses	110,930	89,430	77,515
Operating profit	$ 44,872	39,506	32,432
Depreciation and amortization	$ 30,115	22,408	17,817
Cash capital expenditures	$ 61,522	47,256	34,071
Annualized recurring revenues (a)	$ 128,106	107,707	87,164
Number of subscribers:			
Beginning of period	378,659	318,029	259,551
Installations	98,541	82,643	75,203
Disconnects, net	(30,695)	(22,013)	(16,725)
End of period	446,505	378,659	318,029

(a) Annualized 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.

Revenues for BHS increased by $26.9 million (21%) to $155.8 million in 1996 from $128.9 million in 1995. The increase in revenues was predominantly the result of higher ongoing monitoring and service revenues, caused by an 18% growth of the subscriber base for the year. As a result of such growth, annualized recurring revenues at the end of 1996 grew 19% over the amount in effect at the end of 1995. Total installation revenue in 1996 also grew by 15%, over the amount recorded in 1995, as a result of the increased volume of installations. However, revenue per installation decreased from amounts achieved in 1995 due to the competitive connection fee pricing in the marketplace.

Operating profit of $44.9 million in 1996 represents an increase of $5.4 million (14%) compared to the $39.5 million earned in 1995. The increase in operating profit largely stemmed from the growth in the subscriber base and higher average monitoring and service revenues, somewhat offset by higher depreciation and increased account servicing and administrative expenses, which are also a consequence of the larger subscriber base. In addition, installation and marketing costs incurred and expensed during the year increased by approximately $1 million from the prior year. BHS currently expenses net marketing and selling costs related to obtaining a subscriber. As competitive pressure in the marketplace continues, these costs, which are related to obtaining a subscriber, may increase.

The cash operating margin from recurring revenues in 1996 remained consistent with 1995; however, overall operating margin was negatively impacted by increased depreciation, installation and marketing expenses. As a result, overall operating margin was 29% in 1996 compared to 31% in 1995. Management currently expects 1997 cash margins from recurring revenues to be consistent with 1996 and overall operating margins to range in the mid to upper 20%.

Revenues for BHS increased by $19.0 million (17%) to $128.9 million in 1995 from $109.9 million in 1994. The increase in revenues was primarily from ongoing monitoring and recurring revenues caused by the 19% growth in the subscriber base. As a result of such growth, annualized recurring revenues at the end of 1995 grew 24% over the amount in effect at the end of 1994. The total amount of installation revenue grew slightly over the 1994 amount as revenue from increased installations was mostly offset by a reduction in revenue per installation. Revenue per installation decreased due to the competitive environment in the marketplace.

Operating profit of $39.5 million for 1995 represented an increase of $7.1 million (22%) compared to the $32.4 million earned in 1994. The increase in operating profit stemmed from the 21% growth in average subscribers in 1995, as compared to the prior year, and higher monitoring and recurring revenue, resulting from

the growth in the subscriber base, which was only partially offset by increased account servicing and administrative expenses. Installation and marketing costs incurred and expensed during 1995 increased $0.8 million, over the 1994 amount.

At year-end 1996, BHS had approximately 446,500 subscribers, 40% more than the year-end 1994 subscriber base. New subscribers totaled approximately 98,500 in 1996, 82,600 in 1995 and 75,200 in 1994. As a result, BHS's average subscriber base increased by 18% and 21%, as compared with each prior year in 1996 and 1995, respectively.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs included as capitalized installation costs, which added $4.5 million to operating profit in both 1996 and 1995 and $4.1 million in 1994. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel (in the amount of $2.5 million in 1996, $2.7 million in 1995 and $2.6 million in 1994) and costs incurred in maintaining facilities and vehicles dedicated to the installation process (in the amount of $2.0 million in 1996, $1.8 million in 1995 and $1.5 million in 1994). The increase in the amount capitalized, while adding to current period profitability comparisons, defers recognition of expenses over the estimated useful life of the installation. The additional subscriber installation costs which are currently capitalized were expensed in prior years for subscribers in those years. Because capitalized subscriber installation costs for periods prior to January 1, 1992, were not adjusted for the change in accounting principle, installation costs for subscribers in those years will continue to be depreciated based on the lesser amounts capitalized in those periods. Consequently, depreciation of capitalized subscriber installation costs in the current year and until such capitalized costs prior to January 1, 1992, are fully depreciated will be less than if such prior periods' capitalized costs had been adjusted for the change in accounting. However, the Company believes the effect on net income in 1996, 1995 and in 1994 was immaterial. While the amounts of the costs incurred which are capitalized vary based on current market and operating conditions, the types of such costs which are currently capitalized will not change. The change in the amount capitalized has no additional effect on current or future cash flows or liquidity.

Burlington
The following is a table of selected financial data for Burlington on a comparative basis:

(Dollars in thousands - except per pound/shipment amounts)	Years Ended December 31 1996	1995	1994
Operating revenues:			
Expedited freight services:			
Domestic U.S.	$ 547,647	528,174	561,286
International	713,834	698,624	542,166
Total expedited freight services	1,261,481	1,226,798	1,103,452
Customs clearances	135,887	115,135	77,586
Ocean and other (a)	102,950	72,888	34,246
Total operating revenues	1,500,318	1,414,821	1,215,284
Operating expense	1,317,423	1,245,721	1,043,895
Selling, general and administrative	119,821	113,210	105,371
Total costs and expenses	1,437,244	1,358,931	1,149,266
Other operating income, net	1,530	2,833	3,206
Operating profit:			
Domestic U.S.	36,143	30,416	45,732
International	28,461	28,307	23,492
Total operating profit	$ 64,604	58,723	69,224
Depreciation and amortization	$ 23,254	19,856	17,209
Cash capital expenditures	$ 59,238	32,288	23,946
Expedited freight services shipment growth rate (b)	1.3%	6.2%	6.1%
Expedited freight services weight growth rate (b):			
Domestic U.S.	3.3%	(3.8%)	19.3%
International	3.0%	29.1%	25.3%
Worldwide	3.1%	11.3%	22.1%
Expedited freight services weight (million pounds)	1,433.2	1,390.2	1,248.5
Expedited freight services shipments (thousands)	5,180	5,112	4,805
Expedited freight services average:			
Yield (revenue per pound)	$ 0.880	0.882	0.884
Revenue per shipment	$ 244	240	229
Weight per shipment (pounds)	277	272	259

(a) Primarily international ocean freight.
(b) Compared to the same period in the prior year.

Burlington's operating profit amounted to $64.6 million in 1996, an increase of $5.9 million (10%) from the level achieved in 1995. Worldwide revenues increased by 6% to $1.5 billion from $1.4 billion in 1995. The $85.5 million growth in revenues reflects both an increase in worldwide expedited freight services pounds shipped as well as substantially higher other freight services revenues, which include customs clearances, ocean and other.

The worldwide expedited freight services revenues increase of 3%, from $1,226.8 million in 1995 to $1,261.5 million in 1996 was the result of a corresponding 3% increase in worldwide expedited freight services weight shipped, from 1,390.2 million pounds in 1995 to 1,433.2 million pounds in 1996. The average expedited freight services yield remained essentially unchanged. Other freight services revenues increased 27% from $188.0 million in 1995 to $238.8 million in 1996, due primarily to growth in custom clearance and ocean freight services. Total costs and expenses increased by 6% from $1,358.9 million in 1995 to $1,437.2 million in 1996, reflecting the additional business volume, along with system and facility improvements and expansion.

Domestic expedited freight services revenues during 1996 increased by 4% or $19.5 million to $547.7 million from $528.2 million in the prior year, while other domestic freight services revenues remained essentially unchanged at $6.9 million. Domestic operating profit increased 19% from $30.4 million in 1995 to $36.1 million in 1996. The increase in operating profit reflects higher volume and lower average transportation costs (primarily the benefit of reduced Federal Excise Tax liabilities prior to re-instatement of such tax in August 1996), partially offset by higher fuel costs. In addition, domestic operating margin also benefited from station and general and administrative cost efficiencies. However, the domestic average yield for 1996 remained essentially unchanged as compared to 1995 due to lower average pricing and sales mix for Burlington's overnight service, offset by the initiation of a surcharge on domestic shipments.

International expedited freight services revenues of $713.8 million in 1996 represented a $15.2 million (2%) increase over the $698.6 million reported in 1995. This increase in revenue is due to the 3% growth in expedited freight services weight shipped, offset partially by a slightly lower average yield. In addition, international non-expedited freight services revenues increased $50.8 million (28%) from $181.1 million in 1995 to $231.9 million in 1996. This increase in revenue is primarily due to an increase in custom clearance and a continued expansion of ocean freight services. International operating profit amounted to $28.5 million in 1996, essentially unchanged as compared to the $28.3 million recorded in 1995. Operating profit in 1996, primarily reflects improved operating margins in US exports and ocean freight services. However, these improvements were offset, in large part, by added costs related to the expansion of ocean and logistics operations and further investments to strengthen Burlington's worldwide network including quality improvements in global systems, facilities and acquisitions.

Burlington recently created a new business unit, BAX Global Logistics, (also trading as Logistics Advantage('tm')) to provide customers with cost-effective logistics solutions and, in 1996, it enhanced its information technology capability, thus enabling the development of a broader range of sophisticated business solutions. BAX Global Logistics operates from several warehouse locations worldwide. In addition, six Burlington operations earned ISO 9002 certificates in 1996, bringing the total number of certified facilities to 144, spanning 16 countries. Burlington has recently embarked on a program to enhance the quality of its service and improve efficiencies. While the full benefits cannot now be predicted with confidence, management believes significant cost reductions and operating improvements can be made with initial impacts likely to be felt in the second quarter of 1997.

Burlington's operating profit amounted to $58.7 million in 1995, a decline of $10.5 million (15%) from the level achieved in 1994, as the 1994 results benefited from significant additional domestic freight as a result of a nationwide trucking strike, which added an estimated $8 million to operating profit. Worldwide revenues increased by 16% to $1.4 billion from $1.2 billion in 1994. The $199.5 million growth in revenues principally reflects a 11% increase in worldwide expedited freight services pounds shipped as well as substantially higher non-expedited freight services revenues.

During 1995, worldwide expedited freight services revenues increased 11% as a result of higher volumes with average yields essentially unchanged. Worldwide expedited freight services weight shipped increased by 11%, from 1,248.5 million pounds in 1994 to 1,390.2 million pounds in 1995. Total costs and expenses increased by 18% over the 1994 level reflecting additional business volume and the acquisition of additional foreign subsidiaries.

Domestic expedited freight services revenues for 1995 decreased by 6% to $528.2 million from $561.3 million in the prior year. Domestic operating profit also declined from $45.7 million in 1994 to $30.4 million in 1995. Operating profit declined by 33% reflecting a 2% decrease in the average yield, 4% lower volume and modestly higher average transportation costs, partially offset by lower administrative costs. The volume decline reflected the impact of the trucking strike in the second quarter of 1994, which served to substantially increase weight shipped in that period.

International expedited freight services revenues in 1995 of $698.6 million represented a $156.5 million (29%) increase over the $542.2 million reported in 1994. International operating profit amounted to $28.3 million in 1995, 20% higher than the 1994 level, principally due to a 25% favorable change in expedited freight services weight shipped, partially offset by higher transportation costs. The increase in volume is mainly attributed to the growth in the world-wide flow of international expedited freight services and the expansion of company-owned operations.

Revenues from other activities during 1995 increased 68% or $76.2 million to $188.0 million, due to an increase in custom clearance and a continued expansion of ocean freight services.

Other operating income decreased $1.3 million to $1.5 million in 1996 from $2.8 million in 1995 and decreased $0.4 million in 1995 from $3.2 million in 1994. Other operating income principally includes foreign exchange transaction gains and losses. The changes in other operating income for the comparable periods are due to fluctuations in such gains and losses.

Coal Operations

The following is a table of selected financial data for Coal Operations on a comparative basis:

	Years Ended December 31		
(In thousands)	1996	1995	1994
Net sales	$ 677,393	706,251	779,504
Cost of sales	693,505	683,621	760,966
Selling, general and administrative	24,261	22,415	26,294
Restructuring and other (credits) charges, including litigation accrual	(47,299)	--	90,806
Total costs and expenses	670,467	706,036	878,066
Other operating income, net	13,108	22,916	15,111
Operating profit (loss)	$ 20,034	23,131	(83,451)
Coal sales (tons):			
Metallurgical	8,124	8,607	9,884
Utility and industrial	14,847	15,789	18,198
Total coal sales	22,971	24,396	28,082
Production/purchased (tons):			
Deep	3,930	3,982	4,857
Surface	11,151	12,934	15,107
Contract	1,621	1,941	2,364
	16,702	18,857	22,328
Purchased	5,762	6,047	5,826
Total	22,464	24,904	28,154

Coal Operations had an operating profit of $20.0 million in 1996 compared to an operating profit of $23.1 million in 1995. Operating profit for 1996 included a benefit of $35.7 million from the settlement of the Evergreen case at an amount lower than previously accrued in 1993 and a benefit from excess restructuring liabilities of $11.7 million. These benefits were offset, in part, by a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets. The charge is included in cost of sales ($26.3 million) and selling, general and administrative expenses ($3.6 million). All three of these items are discussed in greater detail below. Operating profit in 1996 was also impacted by a decrease in other operating income of $9.8 million, primarily due to decreases in gains from the sale of coal assets which generated $11.9 million in 1995.

Coal Operations' operating profit amounted to $23.1 million in 1995, compared to the $83.5 million operating loss recorded in 1994. The operating loss in 1994 included $90.8 million of charges for asset writedowns and accruals for costs related to facility shutdowns. Excluding the charges for asset writedowns and accruals from the 1994 results, operating profit from Coal Operations increased by $15.8 million in 1995.

Coal Operations' operating profit, excluding restructuring (credits) charges, the effects of the Evergreen Settlement and the adoption of SFAS No. 121, is analyzed as follows:

	Years Ended December 31		
(In thousands)	1996	1995	1994
Net coal sales (a)	$670,121	702,864	777,758
Current production cost of coal sold (a)	634,754	648,383	723,967
Coal margin	35,367	54,481	53,791
Non-coal margin	2,177	749	324
Other operating income, net	13,108	22,916	15,111
Margin and other income	50,652	78,146	69,226

Other costs and expenses:			
Idle equipment and closed mines	1,044	9,980	4,854
Inactive employee cost	26,300	22,620	30,723
Selling, general and administrative	20,625	22,415	26,294
Total other costs and expenses	47,969	55,015	61,871
Operating profit (before restructuring and other (credits) charges) (b)	$ 2,683	23,131	7,355
Coal margin per ton:			
Realization	$ 29.17	28.81	27.70
Current production costs	27.63	26.58	25.78
Coal margin	$ 1.54	2.23	1.92

(a) Excludes non-coal components.

(b) Restructuring and other (credits) charges in 1996 consist of an impairment loss related to the adoption of SFAS No. 121 of $29,948 ($26,312 in cost of sales and $3,636 in selling, general and administrative expenses), a gain from the settlement of the Evergreen case of $35,650 at an amount lower than previously accrued and a benefit from excess restructuring liabilities of $11,649. Both the gain from the Evergreen case and the benefit from excess restructuring liabilities are included in Coal Operations' operating profit as "Restructuring and other (credits) charges, including litigation accrual". Restructuring and other (credits) charges in 1994 consist of $90,806 in restructuring charges.

Sales volume of 23.0 million tons in 1996 was 1.4 million tons less than the 24.4 million tons sold in 1995. Metallurgical coal sales decreased by 0.5 million tons (6%) in 1996 to 8.1 million tons compared to the prior year period. Steam coal sales decreased by 0.9 million tons (6%) in 1996 to 14.9 million tons compared to the prior year period. Steam coal sales represented 65% of the total sales volume for both 1996 and 1995.

Total coal margin of $35.4 million for 1996 represented a decrease of $19.1 million (35%) from the 1995 coal margin of $54.5 million. The decline in coal margin primarily reflects a $1.05 per ton (4%) increase in the current production cost of coal sold which was partially offset by a $0.36 per ton (1%) increase in realization. Coal margin was also negatively impacted by a decrease in 1996 in tons of coal sold from 24.4 million to 23.0 million. The increase in average realization per ton was mainly due to export metallurgical coal pricing. For the contract year that began April 1, 1996, export metallurgical coal prices only increased slightly over those in effect at April 1, 1995, which were significantly improved over the April 1, 1994 prices. As a result, the export metallurgical realization for 1996 as compared to 1995 benefited from higher first quarter realization (1995 contract prices versus 1994 contract prices) and from additional export tonnage shipped. Domestic steam coal pricing, mostly priced according to long-term contracts, improved modestly as contract escalations were mostly offset by lower priced spot sales. Coal Operations is currently in negotiations with a majority of its metallurgical customers for the contract year which begins on April 1, 1997. Expectations are that metallurgical prices will not vary significantly from the current 1996 contract year pricing levels.

The increase in the current production cost per ton of coal sold for 1996 is due to higher company surface mine and purchased coal costs which were only partially offset by lower company deep mine and contract coal costs as well as a state tax credit for coal produced in Virginia. Current production costs in 1996 were also negatively impacted by higher fuel prices and increases in employee benefits and reclamation and environmental costs. Production for 1996 totaled 16.7 million tons, a decrease of 11% from 1995, principally reflecting reductions in production due to mine sales and closures in 1995. Surface mine production accounted for 67% and 69% of the total production volume in 1996 and 1995, respectively. Productivity of 37.6 tons per man day represents a slight increase from 1995.

Beginning in 1996, the amount of coal produced in Virginia generates tax credits under the Commonwealth of Virginia's newly enacted law, the "Coalfield Employment Enhancement Tax Credit." This law, which is effective from January 1, 1996 through December 31, 2001, provides Virginia coal producers with a refundable credit against taxes imposed by the Commonwealth for coal produced in Virginia. Coal Operations generated approximately $3 million in credits in 1996 to be realized in future years.

Non-coal margin for 1996 increased by $1.4 million from 1995, reflecting higher gas prices. Other operating income, including sales of properties and equipment and third party royalties, amounted to $13.0 million in 1996, $9.8 million less than 1995. The higher level of income recorded in 1995 reflects gains of $11.9 million from the sale of coal assets.

Idle equipment and closed mine costs decreased by $8.9 million in 1996. Idle equipment expenses were reduced from the prior period level as a result of Coal Operations' improved equipment management program. Additionally, costs for 1995 were adversely impacted by the idling of two surface mines. Inactive employee costs, which primarily represent long-term employee liabilities for pension and retiree medical cost, increased by $3.8 million to $26.3 million in 1996. The unfavorable variance is due to the use of lower long-term interest rates to calculate the present value of the long-term liabilities in 1996. In addition, inactive employee costs in 1995 include a benefit of $2.5 million from a favorable litigation decision.

Selling, general and administrative expenses continued to decline in 1996 as a result of cost control efforts implemented in 1995. These costs decreased $2.0 million (or 9%) in 1996 over the 1995 year.

Total coal margin of $54.5 million for 1995 increased by $0.7 million (1%) from 1994, as a $1.11 per ton increase in realization was only partially offset by an $0.80 per ton increase in production costs on a lower production volume.

Sales volume of 24.4 million tons in 1995 was 3.7 million tons less than the 28.1 million tons sold in 1994. Steam coal sales decreased by 2.4 million tons to 15.8 million tons and metallurgical coal sales declined by 1.3 million tons to 8.6 million tons compared to the prior year. Steam coal sales represented 65% of total volume in 1995, as in 1994.

Coal margin per ton increased to $2.23 in 1995 from $1.92 for 1994 caused by a $1.11 (4%) per ton increase in realization partially offset by a $0.80 (3%) per ton increase in current production costs. The average realization increase was largely due to an increase in metallurgical coal pricing. Export metallurgical coal prices increased substantially in the coal contract year which began on April 1, 1995, compared to the prior year level, with realizations generally increasing by $4.00 to $5.50 per metric ton, depending upon coal quality. Domestic

steam coal markets were depressed in 1995, with spot pricing at exceptionally low levels. However, the majority of Coal Operations' steam coal sales were, in 1995, and continue to be sold under long-term contracts.

The current production cost of coal sold in 1995 increased over the 1994 level largely stemming from higher mining costs and an increase in the cost of purchased coal. Production in 1995 totaled 18.9 million tons, a 16% decrease compared to the 22.3 million tons produced in 1994, principally reflecting the scheduled reduction in underground mine production during 1994 and early 1995, and the idling of surface steam coal mines. Production costs in 1995 benefited from a reduction in property taxes associated with certain properties. The property tax reduction was approximately $2.5 million in 1995. Surface production accounted for 69% and 68% of total production volume in 1995 and 1994, respectively. Productivity of 37 tons per man day represented a 5% increase over the 1994 level.

Other operating income, primarily reflecting sales of properties and equipment and third party royalties, amounted to $22.9 million in 1995, $7.8 million higher than in 1994. The favorable change in 1995 primarily reflects additional income from property dispositions.

Idle equipment and closed mine costs increased by $5.1 million in 1995, primarily reflecting higher idle equipment costs due to the idling of two surface mines in 1995. Inactive employee costs, which primarily represent long-term employee liabilities for pension and retiree medical costs, were reduced by $8.1 million to $22.6 million in 1995. The reduction primarily reflects the use of higher long-term interest rates used to calculate the present value of the long-term liabilities at the beginning of 1995 compared to those used in 1994. In addition, reduced costs reflected the continued decline in black lung claims and a $2.5 million benefit recorded from a favorable litigation decision which reduced previously accrued employee benefits.

Selling, general and administrative expenses in 1995 declined by $3.9 million compared to the 1994 level. Expenses were reduced as a result of cost control efforts, as well as the benefit from the full year impact of the consolidation of administrative functions subsequent to the acquisition in early 1994 of substantially all the coal mining operations and coal sales contracts of Addington Resources, Inc. ("Addington").

The market for metallurgical coal, for much of the past fifteen years, has been characterized by weak demand from primary steel producers and intense competition from foreign coal producers, especially those in Australia and Canada. Metallurgical coal sales contracts are typically subject to annual price negotiations, which increase the risk of market forces. As a result of these conditions in the metallurgical coal markets, Coal Operations decreased its exposure to this business by selecting to participate only in those higher-margin metallurgical markets which generate acceptable profitability. Simultaneously with that business decision, management conducted a review of the economic viability of its metallurgical coal assets in early 1994 and determined that four underground mines were no longer economically viable and should be closed, resulting in significant economic impairment to three related preparation plants. In addition, it was determined that one surface steam coal mine, the Heartland mine, which provided coal to Alabama Power under a long-term sales agreement, would be closed due to rising costs caused by unfavorable geological conditions.

As a result of these decisions, Coal Operations incurred pretax charges of $90.8 million ($58.1 million after-tax) in the first quarter of 1994, which included a reduction in the carrying value of these assets and related accruals for mine closure costs. These charges included asset writedowns of $46.5 million which reduced the book carrying value of such assets to what management believes to be their net realizable value based on either estimated sales or leasing of such property to unrelated third parties. In addition, the charges included $3.8 million for required lease payments owed to lessors for machinery and equipment that would be idled as a result of the mine and facility closures. The charges also included $19.3 million for mine and plant closure costs which represented estimates of reclamation and other environmental costs to be incurred to bring the properties in compliance with federal and state mining and environmental laws. This charge was required due to the premature closing of the mines. The charge also included $21.2 million in contractually or statutorily required employee severance and other benefit costs associated with terminated and inactive employees, at these facilities.

Of the four underground mines included in the asset writedown, two ceased coal production in 1994 and one ceased coal production in 1996. Also, in 1994, Coal Operations reached agreement with Alabama Power Company to transfer the coal sales contract serviced by the Heartland mine to another location in West Virginia. The Heartland mine ceased coal production during 1994 and final reclamation and environmental work is complete. By early 1995, two of the three related preparation plants had also closed. At the beginning of 1994 there were approximately 750 employees involved in operations and other administrative support at the facilities included in the 1994

charge. Employment at these facilities was reduced by 52% to approximately 360 employees at December 31, 1994; by 81% to approximately 140 employees at December 31, 1995; and by 87% to approximately 100 employees at December 31, 1996.

The initiation in 1996 of the previously discussed Virginia tax credit, along with favorable labor negotiations and improved metallurgical contract pricing over 1994, led management to open three new underground coal mines in southwest Virginia during late 1996 and to reactivate one coal preparation and loading facility. When in full operation in 1997, these mines will annually produce approximately 1 million tons of premium grade metallurgical coal. Based on current reserve estimates, the mines will have an anticipated operating life of six to eight years. In addition, management decided to continue operating the last of the four underground mines and one related coal preparation and loading facility included in the 1994 charge.

As a result of these decisions and favorable workers' compensation claim development for closed mines, a portion of the restructuring reserve established in 1994 was no longer required. Accordingly, Coal Operations reversed $11.7 million ($7.6 million after-tax) of its restructuring reserve during the year. This amount includes $4.8 million related to estimated mine and plant closure costs, primarily reclamation, and $6.9 million in employee severance and other benefit costs.

Although coal production has ceased at the mines remaining in the accrual, Coal Operations will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. In addition, employee termination and medical costs will continue to be incurred for several years after the facilities have been closed. The significant portion of these employee liabilities is for statutorily provided workers' compensation costs for inactive employees. Such benefits include indemnity and medical costs as required under state workers' compensation laws. The long payment periods are based on continued, and, in some cases, lifetime indemnity and medical payments to injured former employees and their surviving spouses. Management believes that the reserve, as adjusted, at December 31, 1996, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The following table analyzes the changes in liabilities during the last three years for facility closure costs recorded as restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance January 1, 1994	$3,092	28,434	34,217	65,743
Additions	3,836	19,290	21,193	44,319
Payments (a)	3,141	9,468	12,038	24,647
Balance December 31, 1994	3,787	38,256	43,372	85,415
Payments (b)	1,993	7,765	7,295	17,053
Other reductions (c)	576	1,508	--	2,084
Balance December 31, 1995	1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (d)	842	5,499	3,921	10,262
Other reductions (c)	--	6,267	--	6,267
Balance December 31, 1996	$ 376	12,439	25,285	38,100

(a) Of the total payments made, in 1994, $8,672 was for liabilities recorded in years prior to 1993, $5,822 was for liabilities recorded in 1993 and $10,153 was for liabilities recorded in 1994.

(b) Of the total payments made in 1995, $6,424 was for liabilities recorded in years prior to 1993, $2,486 was for liabilities recorded in 1993 and $8,143 was for liabilities recorded in 1994.

(c) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.

(d) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993, $4,658 was for liabilities recorded in 1994.

During the next 12 months, expected cash funding of these charges will be approximately $6 million to $10 million. Management estimates that the remaining liability for leased machinery and equipment will be fully paid over the next year. The liability for mine and plant closure costs is expected to be satisfied over the next ten years, of which approximately 49% is expected to be paid over the next two years. The liability for employee related costs, which is primarily workers' compensation, is estimated to be 44% settled over the next four years with the balance paid during the following five to ten years.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which "signatory operators" and "related persons", including the Company and certain of its subsidiaries (the "Pittston Companies"), are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share for certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1996, 1995 and 1994, these amounts, on a pretax basis, were approximately $10.4 million, $10.8 million, and $11.0 million, respectively. The Company believes that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10.0 million per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' assigned beneficiaries remaining at December 31, 1996 at approximately $210 million, which when discounted at 8% provides a present value estimate of approximately $90 million.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of the health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and recognizes the annual cost on a pay-as-you-go basis.

In February 1990, Coal Operations and the UMWA entered into a collective bargaining agreement that resolved a labor dispute and related strike of Coal Operations by UMWA-represented employees that began on April 5, 1989. As part of the agreement, the Coal Operations agreed to make a $10.0 million lump sum payment to the 1950 Benefit Trust Fund and to renew participation in the 1974 Pension and Benefit Trust Funds at specified contribution rates. These aspects of the agreement were subject to formal approval by the trustees of the funds. The trustees did not accept the terms of the agreement and, therefore, payments were made to escrow accounts for the benefit of union employees. Under the new 1994 Agreement, the Coal Operations agreed to continue participation in the 1974 Pension Plan at specified contribution rates, again subject to trustee approval.

In 1988, the trustees of the above-mentioned pension and benefit trust funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Company recognized in its financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case.

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

As a result of the settlement of the Evergreen Case at an amount lower than those previously accrued, the Company recorded a benefit of approximately $35.7 million ($23.2 million after-tax) in the first quarter of 1996 in its financial statements.

In 1996, the Minerals Group adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 requires companies to review assets for impairment whenever circumstances indicate that the carrying amount for an asset may not be recoverable. SFAS No. 121 resulted in a pre-tax charge to earnings for Coal Operations of $29.9 million ($19.5 million after-tax), of which $26.3 million was included in cost of sales and $3.6 million was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advanced royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment.

Mineral Ventures
The following is a table of selected financial data for Mineral Ventures on a comparative basis:

(Dollars in thousands, except per ounce data)	Years Ended December 31 1996	1995	1994
Stawell Gold Mine			
Gold sales	$ 19,071	16,449	15,360
Other revenue	49	151	134
Net sales	19,120	16,600	15,494
Cost of sales	13,898	12,554	10,620
Selling, general and administrative	1,124	1,025	1,122
Total costs and expenses	15,022	13,579	11,742
Operating profit-Stawell Gold Mine	4,098	3,021	3,752
Other operating expense, net	(2,479)	(2,814)	(2,618)
Operating profit	$ 1,619	207	1,134
Stawell Gold Mine:			
Mineral Ventures' 50% direct share:			
Ounces sold	45,957	40,302	38,626
Ounces produced	45,443	40,606	38,986
Average per ounce sold (US$):			
Realization	$ 415	408	398
Cash cost	287	297	273

The operating profit of Mineral Ventures, primarily a 67% direct and indirect interest in the Stawell gold mine ("Stawell") in western Victoria, Australia, amounted to $1.6 million in 1996 an increase of $1.4 million from the 1995 level. Mineral Ventures' 50% direct interest in operating profit provided $1.1 million of the increase and reflects the benefits of an additional 5.7 thousand ounces sold (14% increase), a $10 per ounce decrease in the cost of gold sold and a $7 per ounce increase in the selling price of gold. Stawell's cost of gold in 1996 was negatively impacted by four lost time accidents, but still improved over 1995's cost which was high due to adverse geological conditions at the mine. Other operating expense, net, which includes equity earnings from joint ventures and gold exploration costs, decreased by $0.3 million , primarily due to Stawell's improved performance, and accounted for the improvement in other operating expense. Gold exploration costs, essentially unchanged from 1995, are being incurred by Minerals Ventures in Nevada and Australia with its joint venture partner.

Mineral Ventures earned an operating profit of $0.2 million in 1995, a decrease of $0.9 million from the level reported in 1994. The unfavorable change reflects lower profits from Stawell, which experienced adverse geological conditions in 1995 that led to the production of lower ore grade and higher production costs and an increase in exploration costs.

At December 31, 1996, remaining recoverable proven and probable gold reserves at the Stawell mine were estimated at 531,000 ounces. The joint venture also has exploration rights in the highly prospective district around the mine.

In addition, Mineral Ventures has a 17% indirect interest in the Silver Swan base metals property in Western Australia. During the second quarter of 1996, it was formally announced that this nickel deposit will be developed as an underground mine with production expected to commence in mid-1997. As of December 31, 1996, the main production decline has reached 1,257 meters and the surface facilities were 60% complete.

Foreign Operations
A portion of the Company's financial results is derived from activities in several foreign countries, each with a local currency other than the U.S. dollar. Because the financial results of the Company are reported in U.S. dollars, they are affected by the changes in the value of the various foreign currencies in relation to the U.S. dollar. The Company's international activity is not concentrated in any single currency, which limits the risks of foreign currency rate fluctuation. In addition, these rate fluctuations may adversely affect transactions which are denominated in currencies other than the functional currency. The Company routinely enters into such transactions in the normal course of its business. Although the diversity of its foreign operations limits the risks associated with such transactions, the Company uses foreign currency exchange forward contracts to hedge the risks associated with such transactions. Realized and unrealized gains and losses on these contracts are deferred and recognized as part of the specific transaction hedged. In addition,

cumulative translation adjustments relating to operations in countries with highly inflationary economies are included in net income, along with all transaction gains or losses for the period. Subsidiaries in Brazil operate in such highly inflationary economies as does Brink's subsidiary in Venezuela, where Brink's increased its ownership interest from 15% to 61% in January 1997. Additionally, current conditions in Mexico, where the Brink's Group has an affiliate (20% owned), have resulted in that economy being considered highly inflationary as of January 1, 1997.

The Company is subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions, controls on repatriation of earnings and capital, nationalization, political instability, expropriation and other forms of restrictive action by local governments. The future effects, if any, of such risks on the Company cannot be predicted.

Corporate Expenses
In 1996, general corporate expenses totaled $21.4 million compared with $16.8 million in the prior year. This increase was impacted by the costs associated with the relocation of the Company's corporate headquarters to Richmond, Virginia, which approximated $2.9 million.

Other Operating Income
Other operating income for 1996 decreased $9.1 million to $17.4 million from $26.5 million in the prior year. Other operating income increased $2.1 million in 1995 from the $24.4 million recorded in 1994. Other operating income principally includes the Company's share of net income of unconsolidated foreign affiliates, primarily Brink's equity affiliates, royalty income from Coal Operations and gains and losses from sales of coal assets. The lower level of other operating income in 1996 was due primarily to decreases in the sale of Coal assets which generated $11.9 million of gains in 1995 combined with an approximate $1 million reduction in foreign currency exchange gains. These decreases were partially offset by increases in both royalty income and equity income of Brink's unconsolidated affiliates. In 1995, a $5.9 million decrease in equity in earnings of unconsolidated affiliates was more than offset by increases in gains on the disposition of Coal assets as compared to 1994. Equity earnings of foreign affiliates totaled $2.1 million, $0.2 million and $6.3 million in 1996, 1995 and 1994, respectively.

Interest Income
Interest income increased slightly, $0.1 million, from $3.4 million in 1995 to $3.5 million in 1996. During 1995, interest income increased $0.9 million from $2.5 million in 1994.

Interest Expense
Interest expense totaled $14.1 million in 1996 compared with $14.3 million in 1995 and $11.5 million in 1994. Although total debt increased slightly in 1996, interest expense remained essentially unchanged as compared to 1995 due to a lower average rate of interest charged during the year. The increase in 1995 interest expense over 1994 was due to higher interest rates on higher average debt balances which reflected the full year impact of the Addington acquisition. Interest expense in 1994 was impacted for part of the year by higher average borrowings resulting from the Addington acquisition, partially offset by a decrease resulting from the Company's redemption of its 9.2% Convertible Subordinated Debentures in April 1994.

Other Income (Expense), Net
Other net expense for 1996 increased $2.9 million to $9.2 million from $6.3 million in 1995. Other net expense in 1995 increased by $0.7 million from $5.6 million in 1994. The higher level of other net operating expense in 1996 was due primarily to an increase in minority interest expense for Brink's consolidated affiliates, offset in part by lower foreign translation losses. In 1994, the Company recognized $1.2 million of expenses related to the redemption of its 9.2% Convertible Subordinated Debentures.

Income Taxes
In 1996, 1995 and 1994, the provision for income taxes was less than the statutory federal income tax rate of 35% due to the tax benefits of percentage depletion and lower taxes on foreign income. In addition, 1994 benefited from a reduction in the valuation allowance on deferred tax assets. These benefits were partially offset by state income taxes and goodwill amortization. In addition, the 1996 and 1995 provision was impacted by an increase in the valuation allowance for deferred tax assets.

Based on the Company's historical and expected taxable earnings, management believes it is more likely than not that the Company will realize the benefit of the existing deferred tax asset at December 31, 1996.

FINANCIAL CONDITION

Cash Provided By Operating Activities
Cash provided by operating activities during 1996 totaled $196.7 million compared with $156.5 million in 1995. Net income, noncash charges and changes in operating assets and liabilities in 1996 were significantly affected by three items: a benefit from the settlement of the Evergreen case at an amount less than originally accrued, a charge related to the adoption of SFAS 121,

and a benefit from the reversal of excess restructuring liabilities. These items had no effect on cash generated by operations except that the second Evergreen Case settlement payment of $7.0 million was paid from operating cash in the third quarter of 1996. The initial payment of $25.8 million related to the Evergreen case settlement was entirely funded by an escrow account previously established by the Company. The amount previously escrowed and accrued was included in "Short-term investments" and "Accrued liabilities" on the Company's balance sheet. As discussed under Coal Operations, funding requirements for restructuring charges are expected to be approximately $6 to $10 million during the next twelve months.

Capital Expenditures

Cash capital expenditures for 1996 totaled $180.7 million, and an additional $30.6 million in expenditures were funded by operating and capital leases. Of the amount of cash capital expenditures, $61.5 million (34%) was spent by BHS, $59.2 million (33%) was spent by Burlington, $32.2 million (18%) was spent by Brink's, $19.1 million (11%) was spent by Coal Operations and $2.7 million (1%) was spent by Mineral Ventures. In addition, Company corporate expenditures totaled $6.0 million (3%). Corporate expenditures primarily related to the purchase of the Company's new corporate headquarters. Expenditures incurred by BHS in 1996 were primarily for customer installations, reflecting the expansion of the subscriber base. Capital expenditures made by Brink's, Mineral Ventures and Coal Operations in 1996 were primarily for replacement and maintenance of current ongoing business operations. Burlington expanded its global network systems, purchased three aircraft which were previously held under long-term operating leases and added new facilities.

Cash capital expenditures totaled $124.5 million in 1995. An additional $27.3 million of expenditures were made through capital and operating leases. Of the amount of cash capital expenditures, $47.3 million (38%) was spent by BHS, $32.3 million (26%) was spent by Burlington, $22.4 million (18%) was spent by Brink's, $19.8 million (16%) was spent by Coal Operations and $2.3 million (2%) was spent by Mineral Ventures.

Gross capital expenditures in 1997 are currently expected to approximate $283 million, of which $77 million is expected to be financed through leases. The 1997 estimated expenditures are approximately $70 million higher than the 1996 level of gross expenditures. The increase is expected to result largely from expenditures at Burlington, supporting new facilities and implementation of new information systems, expenditures at BHS resulting from continued expansion of the subscriber base and at Brink's for expansion of new products.

Other Investing Activities

All other investing activities in 1996 required net cash of $11.0 million, which primarily related to aircraft heavy maintenance outlays of $23.4 million and acquisitions of $4.1 million, partially offset by proceeds from the disposal of property, plant and equipment of $11.3 million. All other investing activities in 1995 used net cash of $2.0 million. The Company's Burlington Group anticipates spending approximately $24.0 million on aircraft heavy maintenance in 1997.

Financing

The Company intends to fund capital expenditures through cash flow from operating activities or through operating leases if the latter are financially attractive. Shortfalls, if any, will be financed through the Company's revolving credit agreements or short-term borrowing arrangements.

The Company has a $350.0 million revolving credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and also permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. During the second quarter of 1996, the maturity date of both the term loan and revolving credit portion of the Facility was extended to May 31, 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31, 1996, borrowings of $100.0 million were outstanding under the term loan portion of the Facility and $23.2 million of additional borrowings were outstanding under the remainder of the Facility.

The 4% debentures, due July 1, 1997, are expected to be repaid from borrowings under the Facility.

Under the terms of some of its debt instruments, the Company has agreed to various restrictions relating to the payment of dividends, the repurchase of capital stock, the maintenance of consolidated net worth and the amount of additional debt which may be incurred. Allowable restricted payments for dividends and stock repurchases aggregated $255.8 million at December 31, 1996. Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $560 million.

Debt
Outstanding debt, including borrowings under revolving credit agreements, aggregated $196.0 million at December 31, 1996, up from $177.6 million at year-end 1995. The $18.4 million increase in debt reflects the inclusion of acquired debt as well as funding requirements for activities including capital expenditures, heavy aircraft maintenance, dividend payments and the repurchases of stock.

Off-balance Sheet Instruments
The Company enters into various off-balance sheet financial instruments, as discussed below, to hedge foreign currency and other market exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. The Company does not expect any losses due to such counterparty default.

Foreign currency forward contracts--The Company enters into foreign currency forward contracts with a duration of up to 360 days as a hedge against liabilities denominated in various currencies. These contracts do not subject the Company to risk due to exchange rate movements because gains and losses on these contracts offset losses and gains on the liabilities being hedged. At December 31, 1996, the total notional value of foreign currency forward contracts outstanding was $1.1 million. As of such date, the fair value of foreign currency forward contracts was not significant.

Gold contracts--In order to protect itself against downward movements in gold prices, the Company hedges a portion of its recoverable proven and probable reserves primarily through forward sales contracts. At December 31, 1996, 37,808 ounces of gold, representing approximately 14% of the Company's recoverable proven and probable reserves, were sold forward under forward sales contracts that mature periodically through early-1998. Because only a portion of its future production is currently sold forward, the Company can take advantage of increases, if any, in the spot price of gold. At December 31, 1996, the fair value of the Company's forward sales contracts amounted to $3.2 million.

Fuel contracts--The Company has hedged a portion of its jet fuel requirements through several commodity option transactions that are intended to protect against significant increases in jet fuel prices. At December 31, 1996, these transactions aggregated 18.0 million gallons and are applicable throughout the first half of 1997. The fair value of these fuel hedge transactions may fluctuate over the course of the contract period due to changes in the supply and demand for oil and refined products. Thus, the economic gain or loss, if any, upon settlement of the contracts may differ from the fair value of the contracts at an interim date. At December 31, 1996, the fair value of these contracts was not significant.

Interest rate contracts--In connection with the aircraft leasing transactions by Burlington, the Company has entered into an interest rate swap agreement. This variable to fixed interest rate swap agreement has a notional value of $30 million and fixes the Company's interest rate at 7.05% until January 2, 1998. Given the decline in the base variable rate subsequent to when the agreement was entered into, the cost to the Company to terminate the agreement would have been $0.6 million on December 31, 1996.

In 1994, the Company entered into a standard three year variable to fixed interest rate swap on a portion of the Company's U.S. dollar term loan. This agreement fixed the Company's interest rate at 5% on initial borrowings of $40.0 million in principal. The principal amount to which the 5% interest rate applies declines periodically throughout the term of the agreement, and at December 31, 1996, this rate applied to borrowings of $5.0 million in principal. During 1995, the Company entered into two other variable to fixed interest rate swap agreements. One agreement fixes the Company's interest rate at 5.80% on $20.0 million in principal for a term of three years. The other agreement fixes the Company's interest rate at 5.66% for a term of 21 months on $20.0 million in principal. During 1996, the Company entered into a variable to fixed rate swap agreement which fixes the Company's interest rate at 4.9% on initial borrowings of $5.0 million in principal. The principal amount increases by $5.0 million each quarter through the first quarter of 1998. The principal amount to which the 4.9% interest rate applied as of December 31, 1996 was $15.0 million.

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

Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.9 million and $17.0 million over a period of up to five

years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The cleanup estimates have been modified from prior years' in light of cost inflation. 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, unforseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995 the District Court ruled on various Motions for Summary Judgment. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. The Company appealed the District Court's decision to the Third Circuit. However, management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, it is the Company's belief that, based on estimates of potential liability and probable realization of insurance recoveries, the Company would be liable for approximately $1.4 million based on the Court's decision and related developments of New Jersey law.

Capitalization

On January 18, 1996, the shareholders of the Company approved the Brink's Stock Proposal resulting in the modification of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Pittston Services Group Common Stock ("Services Stock") were redesignated as Pittston Brink's Group Common Stock ("Brink's Stock") on a share-for-share basis, and a new class of common stock, designated as Pittston Burlington Group Common Stock ("Burlington Stock"), was distributed on the basis of one-half of one share of Burlington Stock for each share of Services Stock previously held by shareholders of record on January 19, 1996. The Pittston Brink's Group (the "Brink's Group") consists of the Brink's and BHS operations of the Company. The Pittston Burlington Group (the "Burlington Group") consists of the Burlington operations of the Company. The Pittston Minerals Group (the "Minerals Group") consists of Coal Operations and Mineral Ventures operations of the Company.

Brink's Stock, Burlington Stock and the Pittston Minerals Group Common Stock ("Minerals Stock") are designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, Burlington Group and Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Company prepares separate financial statements for the Brink's, Burlington and Minerals Groups in addition to consolidated financial information of the Company.

The redesignation of the Company's common stock as Brink's Stock and the distribution of Burlington Stock as a result of the approval of the Brink's Stock Proposal did not result in any transfer of assets or liabilities of the Company or any of its subsidiaries. Holders of all three classes of stock are shareholders of the Company, which continues to be responsible for all liabilities. Therefore, financial developments affecting the Brink's Group, the Burlington Group or the Minerals Group that affect the Company's financial condition could affect the results of operations and financial condition of all three Groups. The changes in the capital structure of the Company had no effect on the Company's total capital, except as to expenses incurred in the execution of the Brink's Stock Proposal. Since the approval of the Brink's Stock Proposal, capitalization of the Company has been affected by the share activity related to each of the classes of common stock.

In November 1995, the Board of Directors (the "Board") authorized a revised share repurchase program which allowed for the purchase, from time to time, of up to 1,500,000 shares of Brink's Stock, 1,500,000 shares of Burlington Stock and 1,000,000 shares of Minerals Stock, not to exceed an aggregate purchase price of $45.0 million; such shares to be purchased from time to time in the open market or in private transactions, as conditions warrant. Prior to the revised program, 401,900 shares of Services Stock at an aggregate cost of $9.6 million were repurchased, of which 145,800 shares at a total cost of $3.4 million were repurchased in 1995, and 117,300 shares of Minerals Stock at an aggregate cost of $1.7 million were repurchased, of which 78,800 shares at a total cost of $0.9 million were repurchased in 1995. No additional repurchases were made during the remainder of 1995 subsequent to the implementation of the revised program. During 1996, the Company repurchased 278,000 shares and 75,600 shares of Brink's Stock and Burlington Stock, respectively, at a cost of $6.9 million and $1.4 million, respectively. The program to acquire shares remains in effect in 1997.

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January, 1994 the Company issued $80.5 million (161,000 shares) of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), convertible into Minerals Stock. The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board and bears a liquidation preference of $500 per share, plus an attributed amount equal to accrued and unpaid dividends thereon.

In 1994, the Board authorized the repurchase, from time to time, of up to $15 million of the Convertible Preferred Stock. Subsequent to this authorization and through October 1995, 24,720 shares at a total cost of $9.6 million had been repurchased, of which 16,370 shares at a cost of $6.3 million were repurchased in 1995. In November 1995, the Board authorized an increase in the remaining repurchase authority to $15 million. No additional share repurchases were made during the remainder of 1995 subsequent to the increased authorization. In 1996, 20,920 shares at a cost of $7.9 million were repurchased. The program to acquire shares remains in effect in 1997, and in February 1997, the Board authorized an increase in the remaining repurchase authority to $15 million.

As of December 31, 1996, debt as a percent of capitalization (total debt and shareholders' equity) was 24%, compared with 25% at December 31, 1995. The decrease in the debt ratio since December 1995 was due to the 16% increase in shareholders' equity compared to the 10% increase in total debt.

Dividends
The Board intends to declare and pay dividends on Brink's Stock, Burlington Stock and Minerals Stock based on the earnings, financial condition, cash flow and business requirements of the Brink's Group, Burlington Group and the Minerals Group, respectively. Since the Company remains subject to Virginia law limitations on dividends and to dividend restrictions in its public debt and bank credit agreements, losses by one Group could affect the Company's ability to pay dividends in respect of stock relating to the other Group. Dividends on Minerals Stock are also limited by the Available Minerals Dividend Amount as defined in the Company's Articles of Incorporation. At December 31, 1996, the Available Minerals Dividend Amount was at least $22.1 million.

During 1996, the Board declared and the Company paid dividends of 10 cents per share, 65 cents per share and 24 cents per share of Brink's Stock, Minerals Stock and Burlington Stock, respectively. During 1995, the Board declared and the Company paid dividends of 65 cents per share of Minerals Stock. On an equivalent basis in 1995, the Company paid dividends of 9 cents per share on Brink's Stock and 22 cents per share on Burlington Stock. At present, the annual dividend rate for Minerals Stock is 65 cents per share, for Brink's Stock is 10 cents per share and for Burlington Stock is 24 cents per share.

In 1996 and 1995, dividends paid on the Convertible Preferred Stock amounted to $3.8 million and $4.3 million, respectively. Preferred dividends included on the Company's Statements of Operations for the years ended December 31, 1996 and 1995, are net of $2.1 million and $1.6 million, respectively, which was the excess of the carrying amount of the preferred stock over the cash paid to holders of the stock for repurchases made during each year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The financial statements of the Pittston Brink's Group (the "Brink's Group") include the balance sheets, results of operations and cash flows of the Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of The Pittston Company (the "Company"), and a portion of the Company's corporate assets and liabilities and related transactions which are not separately identified with operations of a specific segment. The Brink's Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate allocations reflected in these financial statements are determined based upon methods which management believes to be an equitable allocation of such expenses and credits. The accounting policies applicable to the preparation of the Brink's Group's financial statements may be modified or rescinded at the sole discretion of the Company's Board of Directors (the "Board") without the approval of the shareholders, although there is no intention to do so.

The Company will provide to holders of the Pittston Brink's Group Common Stock ("Brink's Stock") separate financial statements, financial reviews, descriptions of business and other relevant information for the Brink's Group in addition to consolidated financial information of the Company. Notwithstanding the attribution of assets and liabilities (including contingent liabilities) between the Brink's Group and the Pittston Minerals Group (the "Minerals Group") and the Pittston Burlington Group (the "Burlington Group") for the purpose of preparing their financial statements, this attribution and the change in the capital structure of the Company as a result of the approval of the Brink's Stock Proposal, as described in the Company's proxy statement dated December 15, 1995, did not result in any transfer of assets or liabilities of the Company or any of its subsidiaries. Holders of Brink's Stock are shareholders of the Company, which continues to be responsible for all liabilities. Therefore, financial developments affecting the Brink's Group, the Minerals Group or the Burlington Group that affect the Company's financial condition could affect the results of operations and financial condition of all three Groups. Accordingly, the Company's consolidated financial statements must be read in connection with the Brink's Group's financial statements.

The following discussion is a summary of the key factors management considers necessary in reviewing the Brink's Group's results of operations, liquidity and capital resources. This discussion must be read in conjunction with the financial statements and related notes of the Brink's Group and the Company.

RESULTS OF OPERATIONS

	Years Ended December 31		
(In thousands)	1996	1995	1994
Operating revenues:			
Brink's	$ 754,011	659,459	547,046
BHS	155,802	128,936	109,947
Operating revenues	$ 909,813	788,395	656,993
Operating profit:			
Brink's	$ 56,823	42,738	39,710
BHS	44,872	39,506	32,432
Segment operating profit	101,695	82,244	72,142
General corporate expense	(7,457)	(4,770)	(4,666)
Operating profit	$ 94,238	77,474	67,476

The Brink's Group's net income amounted to $59.7 million in 1996, compared with the $51.1 million earned in 1995. Operating profit totaled $94.2 million, $16.8 million (22%) higher than the amount reported in 1995. Net income and operating profit were favorably impacted by improved operating results generated by the Brink's and BHS businesses, partially offset by higher general corporate expenses, of which approximately $1 million (pretax) related to the relocation of the Company's corporate headquarters to Richmond, Virginia. In 1996, net interest income was $0.9 million compared to net interest expense in 1995 of $0.2 million. The $5.4 million in other non-operating expense represented a $1.9 million increase over the 1995 level. Total revenues of $909.8 million amounted to a $121.4 million (15%) increase compared to 1995, with Brink's accounting for $94.5 million of the increase and BHS accounting for $26.9 million of the increase. Operating expenses and selling, general and

administrative expenses increased by $106.2 million (15%) of which $82.0 million was incurred by Brink's and $21.5 million was incurred by BHS.

The Brink's Group's net income amounted to $51.1 million in 1995, compared with the $41.5 million earned in 1994. Operating profit totaled $77.5 million, $10.0 million (15%) higher than the amount reported in 1994. Net income and operating profit were favorably impacted by improved operating results generated by the Brink's and BHS businesses. In 1995, net interest expense declined by $0.7 million, to $0.2 million, but the $3.5 million in other non-operating expense represented a $0.4 million increase over the 1994 level. Total revenues of $788.4 million amounted to a $131.4 million (20%) increase compared to the 1994 total, with Brink's increase accounting for $112.4 million and BHS's increase accounting for $19.0 million. Operating expenses and selling, general and administrative expenses increased by $116.4 million (20%) over the 1994 level, of which $104.4 million was incurred by Brink's and $11.9 million was incurred by BHS.

Brink's
The following is a table of selected financial data for Brink's on a comparative basis:

(In thousands)	Years Ended December 31 1996	1995	1994
Operating revenues:			
North America (United States and Canada)	$418,941	379,230	337,641
International subsidiaries	335,070	280,229	209,405
Total operating revenues	$754,011	659,459	547,046
Operating expenses	605,851	533,109	438,851
Selling, general and administrative	93,770	84,507	74,398
Total costs and expenses	699,621	617,616	513,249
Other operating income, net	2,433	895	5,913
Operating profit:			
North America (United States and Canada)	$ 34,387	29,159	23,235
International operations	22,436	13,579	16,475
Total operating profit	$ 56,823	42,738	39,710
Depreciation and amortization	$ 24,293	21,844	20,553
Cash capital expenditures	$ 32,149	22,415	22,312

Brink's worldwide consolidated revenues totaled $754.0 million in 1996 compared to $659.5 million in 1995, a 14% increase. Brink's 1996 operating profit of $56.8 million represented a 33% increase over the $42.7 million operating profit reported in 1995. Total costs and expenses in 1996 increased by $82.0 million (13%). Other operating income increased $1.5 million to $2.4 million, from $0.9 million in the prior year.

Revenues from North American operations (United States and Canada) increased $39.7 million, or 10%, to $418.9 million in 1996 from $379.2 million in 1995. North American operating profit increased $5.2 million (18%) to $34.4 million in the current year period from $29.2 million in 1995. The operating profit improvement for 1996 primarily resulted from improved armored car operations, which includes ATM servicing and improved currency processing operations.

Revenues from international subsidiaries increased $54.9 million to $335.1 million in 1996 from $280.2 million in 1995. Consolidation of the results of Brink's Colombia, in which Brink's increased its ownership from 47% to 51% in the third quarter of 1995, accounted for approximately $22.0 million of the increase in international revenues. Brink's Brazil revenues also increased $16.9 million from $106.7 million in 1995 to $123.6 million in 1996. Operating profits from international subsidiaries and minority-owned affiliates amounted to $22.4 million in the current year period compared to $13.6 million in the prior year period. The increase in operating profits was primarily due to increases in Brink's international diamond and jewelry operations of $1.2 million, as well as improvements in Brink's Latin American operations, offset, in part, by lower operating results in Europe. European operating profit decreased $2.1 million due to lower operating results in Holland and France, offset partially by improvements in the United Kingdom. The Asia/Pacific region also achieved a modest increase of $0.7 million in operating profit during 1996.

Latin America's increase in operating profit, $9.0 million, includes a $3.1 million benefit from the consolidation of the results of Brink's Colombia (51% owned) as well as improvements in Colombia's operations. Brink's Brazil (100% owned) operating profit also increased $1.6 million from $5.3 million in 1995 to $6.9 million in 1996. Equity in earnings from Brink's Mexican affiliate (20% owned) amounted to $2.9 million compared with a $2.5 million loss recorded in 1995. The Mexican affiliate's results in 1995 were adversely impacted by the devaluation of the local currency, the decline in general economic conditions, high local interest rates and the costs associated with workforce reductions.

As part of its global growth strategy, in early 1997, Brink's increased its ownership positions in its affiliates in Venezuela, Peru and The Netherlands. In Venezuela, Brink's increased its ownership from 15% to 61% in Custodia y Traslado de Valores C.A. ("Custravalca"), the largest armored car company in Venezuela, for a purchase price of approximately $31 million. The remaining 39% is held by a group of local investors including Venezuelan banks. In conjunction with the Custravalca transaction, Brink's also acquired a 31% indirect interest in Brink's Peru S.A., the largest armored car company in Peru

increasing its ownership of Brink's Peru to 36%. Brink's has also acquired the remaining interests in Brink's Hong Kong and Brinks-Nedlloyd, the largest armored car company in The Netherlands, increasing Brink's ownership of these companies to 100%. These acquisitions are expected to increase consolidated international revenues and operating profits of Brink's and should be accretive to the earnings of the Brink's Group beginning in 1997.

Brink's 1995 consolidated operating profit of $42.7 million amounted to a $3.0 million (8%) increase over the $39.7 million operating profit recorded in 1994. Revenues increased by $112.4 million to $659.5 million, 21% higher than the 1994 level. Total costs and expenses increased by $104.4 million to $617.6 million, a 20% increase over the prior year. Other operating income of $0.9 million in 1995 represented a $5.0 million decline from the amount reported in 1994, principally reflecting a reduction in equity income from unconsolidated foreign affiliates, primarily Mexico.

Revenues from North American (United States and Canada) operations totaled $379.2 million in 1995, $41.6 million (12%) higher than the 1994 level. North American operating profit amounted to $29.2 million, an increase of $5.9 million (25%) compared to the $23.2 million recorded in 1994. The favorable change in operating profit was largely attributable to improved results generated by the armored car business, which includes ATM servicing, as well as higher earnings from the diamond and jewelry and currency processing businesses, partially offset by a decline in profit from the air courier business.

Revenues from consolidated international subsidiaries increased by $70.8 million (34%) to $280.2 million in 1995, but operating profit from international subsidiaries and affiliates declined by 18%, to $13.6 million, from $16.5 million in the prior year. The increase in revenues principally reflects additional business volume and higher prices in Brazil, the favorable impact from the decline in the value of the U.S. dollar on foreign currency translation and the consolidation of Colombian operations as a result of Brink's acquiring a majority ownership of that company in the third quarter of 1995. The decline in operating profit from international subsidiaries and affiliates principally was due to a $5.3 million deterioration in the reported results of Brink's Mexican affiliate, with Brink's share of the company's results amounting to a $2.5 million loss in 1995 compared to a profit of $2.8 million in 1994. The Mexican affiliate's results in 1995 were adversely impacted by the devaluation of the local currency in December 1994, the decline in general economic conditions, high local interest rates and the costs associated with workforce reductions in the business. Operating profit in the Latin America region, which includes Mexico, decreased by $1.4 million in 1995 compared to the prior year, reflecting the decline in Mexican earnings, mostly offset by improved results in Brazil and higher reported earnings from Colombia. Brink's Brazil reported an operating profit of $5.3 million in 1995 compared to an operating profit of $3.2 million in the prior year. The increase in Colombia largely reflects the impact of the consolidation of results subsequent to Brink's acquisition of a majority ownership position in the company. Earnings declined by $2.6 million in the European region, while results in the Asian/Pacific region increased by $0.9 million.

BHS

The following is a table of selected financial data for BHS on a comparative basis:

(Dollars in thousands)	Years Ended December 31 1996	1995	1994
Operating revenues	$ 155,802	128,936	109,947
Operating expenses	81,324	66,575	59,334
Selling, general and administrative	29,606	22,855	18,181
Total costs and expenses	110,930	89,430	77,515
Operating profit	$ 44,872	39,506	32,432
Depreciation and amortization	$ 30,115	22,408	17,817
Cash capital expenditures	$ 61,522	47,256	34,071
Annualized recurring revenues (a)	$ 128,106	107,707	87,164
Number of subscribers:			
Beginning of period	378,659	318,029	259,551
Installations	98,541	82,643	75,203
Disconnects, net	(30,695)	(22,013)	(16,725)
End of period	446,505	378,659	318,029

(a) Annualized 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.

Revenues for BHS increased by $26.9 million (21%) to $155.8 million in 1996 from $128.9 million in 1995. The increase in revenues was predominantly the result of higher ongoing monitoring and service revenues, caused by an 18% growth of the subscriber base for the year. As a result of such growth, annualized recurring revenues at the end of 1996 grew 19% over the amount in effect at the end of

1995. Total installation revenue in 1996 also grew by 15%, over the amount recorded in 1995, as a result of the increased volume of installations. However, revenue per installation decreased from amounts achieved in 1995 due to the competitive connection fee pricing in the marketplace.

Operating profit of $44.9 million in 1996 represents an increase of $5.4 million (14%) compared to the $39.5 million earned in 1995. The increase in operating profit largely stemmed from the growth in the subscriber base and higher average monitoring and service revenues, somewhat offset by higher depreciation and increased account servicing and administrative expenses, which are also a consequence of the larger subscriber base. In addition, installation and marketing costs incurred and expensed during the year increased by approximately $1 million from the prior year. BHS currently expenses net marketing and selling costs related to obtaining a subscriber. As competitive pressure in the marketplace continues, these costs, which are related to obtaining a subscriber, may increase.

The cash operating margin from recurring revenues in 1996 remained consistent with 1995; however, overall operating margin was negatively impacted by increased depreciation, installation and marketing expenses. As a result, overall operating margin was 29% in 1996 compared to 31% in 1995. Management currently expects 1997 cash margins from recurring revenues to be consistent with 1996 and overall operating margins to range in the mid to upper 20%.

Revenues for BHS increased by $19.0 million (17%) to $128.9 million in 1995 from $109.9 million in 1994. The increase in revenues was primarily from ongoing monitoring and recurring revenues caused by the 19% growth in the subscriber base. As a result of such growth, annualized recurring revenues at the end of 1995 grew 24% over the amount in effect at the end of 1994. The total amount of installation revenue grew slightly over the 1994 amount as revenue from increased installations was mostly offset by a reduction in revenue per installation. Revenue per installation decreased due to the competitive environment in the marketplace.

Operating profit of $39.5 million for 1995 represented an increase of $7.1 million (22%) compared to the $32.4 million earned in 1994. The increase in operating profit stemmed from the 21% growth in average subscribers in 1995, as compared to the prior year, and higher monitoring and recurring revenue, resulting from the growth in the subscriber base, which was only partially offset by increased account servicing and administrative expenses. Installation and marketing costs incurred and expensed during 1995 increased $0.8 million, over the 1994 amount.

At year-end 1996, BHS had approximately 446,500 subscribers, 40% more than the year-end 1994 subscriber base. New subscribers totaled approximately 98,500 in 1996, 82,600 in 1995 and 75,200 in 1994. As a result, BHS's average subscriber base increased by 18% and 21%, as compared with each prior year in 1996 and 1995, respectively.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs included as capitalized installation costs, which added $4.5 million to operating profit in both 1996 and 1995 and $4.1 million in 1994. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel (in the amount of $2.5 million in 1996, $2.7 million in 1995 and $2.6 million in 1994) and costs incurred in maintaining facilities and vehicles dedicated to the installation process (in the amount of $2.0 million in 1996, $1.8 million in 1995 and $1.5 million in 1994). The increase in the amount capitalized, while adding to current period profitability comparisons, defers recognition of expenses over the estimated useful life of the installation. The additional subscriber installation costs which are currently capitalized were expensed in prior years for subscribers in those years. Because capitalized subscriber installation costs for periods prior to January 1, 1992, were not adjusted for the change in accounting principle, installation costs for subscribers in those years will continue to be depreciated based on the lesser amounts capitalized in those periods. Consequently, depreciation of capitalized subscriber installation costs in the current year and until such capitalized costs prior to January 1, 1992, are fully depreciated will be less than if such prior periods' capitalized costs had been adjusted for the change in accounting. However, the Company believes the effect on net income in 1996, 1995 and in 1994 was immaterial. While the amounts of the costs incurred which are capitalized vary based on current market and operating conditions, the types of such costs which are currently capitalized will not change. The change in the amount capitalized has no additional effect on current or future cash flows or liquidity.

Foreign Operations

A portion of the Brink's Group's financial results is derived from activities in several foreign countries, each with a local currency other than the U.S. dollar. Because the financial results of the Brink's Group are reported in U.S. dollars, they are affected by the changes in the value of the various foreign currencies in relation to the U.S. dollar. The Brink's Group's international activity is not concentrated in any single currency, which limits the risks of foreign currency rate fluctuation. In addition, these rate fluctuations may adversely affect transactions which are denominated in currencies other than the functional currency. The Brink's Group routinely enters into such transactions in the normal course of its business. Although the diversity of its foreign operations limits the risks associated with such transactions, the Company, on behalf of the Brink's Group, from time to time, uses foreign currency forward contracts to hedge the risks associated with such transactions. Realized and unrealized gains and losses on these contracts are deferred and recognized as part of the

specific transaction hedged. In addition, cumulative translation adjustments 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 Brazil operates in such a highly inflationary economy, as does Brink's subsidiary in Venezuela, where Brink's increased its ownership interest from 15% to 61% in January 1997. Additionally, current conditions in Mexico, where the Brink's Group has an affiliate (20% owned), have resulted in that economy being considered highly inflationary as of January 1, 1997.

The Brink's Group is subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions, controls on repatriation of earnings and capital, nationalization, political instability, expropriation and other forms of restrictive action by local governments. The future effects, if any, of such risks on the Brink's Group cannot be predicted.

Corporate Expenses

A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Brink's Group based upon utilization and other methods and criteria which management believes to be an equitable and a reasonable estimate of the cost attributable to the Brink's Group. These allocations were $7.5 million in 1996, $4.8 million in 1995 and $4.7 million in 1994, respectively.

The increase in the corporate expense allocation during 1996 is primarily due to additional services provided to the Brink's Group by corporate office personnel combined with the relocation of the Company's corporate headquarters to Richmond, Virginia, during September 1996. The costs of this move, including moving expenses, employee relocation, severance pay and temporary employee costs, amounted to $2.9 million. Approximately, $1 million of these costs were attributed to the Brink's Group.

Other Operating Income

Other operating income increased $1.5 million to $2.4 million in 1996 from $0.9 million in 1995. Other operating income decreased $5.0 million to $0.9 million in 1995 from $5.9 million in 1994. Other operating income principally includes the equity earnings of foreign affiliates. These earnings, which are attributable to equity affiliates of Brink's, amounted to $1.9 million in 1996, $0.1 million in 1995 and $6.0 million in 1994. The lower level of other operating income in 1995 as compared to 1996 and 1994 is primarily attributable to lower earnings from Brink's affiliate in Mexico during 1995.

Interest Income

Interest income increased $0.9 million to $2.7 million in 1996 from $1.8 million in 1995. The increase is primarily attributed to interest income of 0.8 million earned from an increase in amounts owed by the Minerals Group in 1996. Interest income increased only slightly, $0.3 million, from $1.5 million in 1994 to $1.8 million in 1995.

Interest Expense

Interest expense decreased $0.3 million to $1.8 million from $2.1 million in 1996 and decreased $0.4 million in 1995 from $2.5 million in 1994 due to lower outstanding debt balances.

Other Income (Expense), Net

Other net expense, which principally includes foreign translation gains and losses and minority interest earnings or losses, increased by $1.9 million to $5.4 million in 1996 from a net expense of $3.5 million in 1995. The higher level of expense in 1996 reflects an increase in minority interest, resulting from the consolidation of the now 51% owned Brink's Colombia. In 1995, other net expense increased by $0.4 million to a net expense of $3.5 million from $3.1 million in 1994.

Income Taxes

In 1996, 1995 and 1994, the provision for income taxes was less than the federal statutory rate of 35% primarily due to lower taxes on foreign income, partially offset by provisions for state income taxes.

FINANCIAL CONDITION

A portion of the Company's corporate assets and liabilities has been attributed to the Brink's Group based upon utilization of the shared services from which assets and liabilities are generated. Management believes this attribution to be an equitable and a reasonable estimate of the cost attributable to the Brink's Group.

Corporate assets which were allocated to the Brink's Group consisted primarily of pension assets and deferred income taxes and amounted to $60.8 million and $47.0 million at December 31, 1996 and 1995, respectively.

Cash Provided By Operating Activities

Cash provided by operating activities totaled $113.8 million in 1996, an increase from $90.8 million in 1995. The net increase in 1996 compared with 1995 was largely due to the increase in net income, which included higher amounts for depreciation and amortization and other non-cash charges. Cash generated from

operating activities exceeded cash requirements for investing activities. This cash inflow before financing combined with proceeds from the exercise of stock options was offset by lending to the Minerals Group, reduction of debt, repurchases of stock, payment of dividends and payment of costs related to the Brink's Stock Proposal. As a result, cash and cash equivalents decreased $2.0 million during 1996 to a year-end total of $20.0 million.

Capital Expenditures

Cash capital expenditures for 1996 totaled $95.8 million, of which $61.5 million was spent by BHS and $32.2 million was spent by Brink's. In addition, $2.1 million was attributable to the Brink's Group for corporate expenditures primarily relating to the purchase of the Company's new corporate headquarters. Cash capital expenditures totaled $69.8 million in 1995. Additional expenditures financed through capital and operating leases amounted to $19.6 million and $16.2 million in 1996 and 1995, respectively. In 1996, a substantial portion of the Brink's Group's total cash capital expenditures was attributable to BHS customer installations, principally reflecting expansion of the subscriber base. Of the total cash capital expenditures in 1996, $57.2 million or 60% related to these costs. Capital expenditures made by Brink's during 1996 were primarily for replacement or maintenance of ongoing business operations.

Gross capital expenditures in 1997 are currently expected to approximate $150 million, of which approximately $32 million is expected to be financed through leases. The 1997 estimated expenditures are approximately $35 million higher than the 1996 level of gross expenditures. The increase is expected to result largely from expenditures at BHS, resulting from continued growth of the subscriber base and at Brink's for expansion of new products which have been designed to streamline the handling and management of cash receipts.

Other Investing Activities

All other investing activities in 1996 and 1995 provided net cash of $3.6 million and $0.9 million, respectively, which primarily related to proceeds from dispositions of property, plant and equipment.

Financing

The Brink's Group intends to fund capital expenditures through cash flow from operating activities or through operating leases if the latter are financially attractive. Shortfalls, if any, will be financed through the Company's revolving credit agreements, short-term borrowing arrangements or repayments from the Minerals Group.

The Company has a $350.0 million revolving credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. During the second quarter of 1996, the maturity date of both the term loan and the revolving credit portion of the Facility was extended to May 31, 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. No portion of the total amount outstanding under the Facility at December 31, 1996 or at December 31, 1995 was attributed to the Brink's Group.

Under the terms of some of its debt instruments, the Company has agreed to various restrictions relating to the payment of dividends, the repurchase of capital stock, the maintenance of consolidated net worth and the amount of additional debt which may be incurred. Allowable restricted payments for dividends and stock repurchases aggregated $255.8 million at December 31, 1996. Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $560 million.

Debt

Total debt outstanding for the Brink's Group amounted to $9.4 million at December 31, 1996 and $14.8 million at year-end 1995. During 1996, there was a net cash inflow before financing of $21.7 million. Requirements for repurchases of stock, payment of dividends, lending to the Minerals Group and payment of costs related to the Brink's Stock Proposal were partially offset by proceeds from the exercise of stock options, resulted in the decrease in total debt. At December 31, 1996 and 1995, no portion of total debt outstanding was payable to either the Burlington Group or the Minerals Group.

Related Party Transactions

At December 31, 1996, under an interest bearing borrowing arrangement, the Minerals Group owed the Brink's Group $24.0 million, an increase of $6.1 million from the $17.9 million owed at December 31, 1995.

At December 31, 1996, the Brink's Group owed the Minerals Group $18.8 million for tax payments representing the Minerals Group's tax benefits utilized by Brink's Group in accordance with the Company's tax sharing policy, of which $10.0 million is expected to be paid within one year. The Brink's Group paid the Minerals Group $14.5 million for the utilization of such tax benefits during 1996.

Contingent Liabilities
Under the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act"), the Company and its majority-owned subsidiaries at July 20, 1992, including certain companies of the Brink's Group are jointly and severally liable with certain companies of the Minerals Group and of the Burlington Group for the costs of health care coverage provided for by that Act. For a description of the Health Benefit Act and a calculation of certain of such costs, see Note 12 to the Company's consolidated financial statements. At this time, the Company expects the Minerals Group to generate sufficient cash flow to discharge its obligations under the Act.

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.9 million and $17.0 million over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The cleanup estimates have been modified from prior years in light of cost inflation. 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, unforseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgment. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. The Company has filed a notice of its intent to appeal the District Court's decision to the Third Circuit. However, management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, it is the Company's belief that, based on estimates of potential liability and probable realization of insurance recoveries, the Company would be liable for approximately $1.4 million based on the Court's decision and related developments of New Jersey law.

Capitalization
On January 18, 1996, the shareholders of the Company approved the Brink's Stock Proposal, resulting in the modification of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Pittston Services Group Common Stock ("Services Stock") were redesignated as Brink's Stock on a share-for-share basis, and a new class of common stock, designated as Pittston Burlington Group Common Stock ("Burlington Stock"), was distributed on the basis of one-half of one share of Burlington Stock for each share of Services Stock previously held by shareholders of record on January 19, 1996.

Brink's Stock, Burlington Stock and Minerals Stock are designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, the Burlington Group and the Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Company prepares separate financial statements for the Brink's, Burlington and Minerals Groups in addition to consolidated financial information of the Company.

The redesignation of the Company's common stock as Brink's Stock and the distribution of Burlington Stock as a result of the approval of the Brink's Stock Proposal did not result in any transfer of assets or liabilities of the Company or any of its subsidiaries. Holders of all three classes of stock are shareholders of the Company, which continues to be responsible for all liabilities. Therefore, financial developments affecting the Brink's Group, the Burlington Group or the Minerals Group that affect the Company's financial condition could affect the results of operations and financial condition of all three Groups.

The changes in the capital structure of the Company had no effect on the Company's total capital, except as to expenses incurred in the execution of the Brink's Stock Proposal. Since the approval of the Proposal, capitalization of the Company has been affected by the share activity related to each of the classes of common stock.

In November 1995, the Board authorized a revised share repurchase program which allowed for the purchase, from time to time, of up to 1,500,000 shares of Brink's Stock, 1,500,000 shares of Burlington Stock and 1,000,000 shares of Minerals Stock, not to exceed an aggregate purchase price of $45.0 million; such shares to be purchased from time to time in the open market or in private transactions, as conditions warrant. Prior to the revised program, 401,900 shares of Services Stock were repurchased at an aggregate cost of $9.6 million, of which 145,800 shares at an aggregate cost of $3.4 million were repurchased in 1995. On an equivalent basis, repurchases totaled 401,900 shares at an aggregate cost attributed to the Brink's Group of $6.4 million, with repurchases of 145,800 shares at an attributed cost of $2.3 million in 1995. No additional repurchases were made during the remainder of 1995 subsequent to the implementation of the revised program. During 1996, the Company repurchased 278,000 shares of Brink's Stock at a cost of $6.9 million. The program to acquire shares remains in effect in 1997.

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January, 1994, the Company issued $80.5 million (161,000 shares) of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), convertible into Minerals Stock. The Convertible Preferred Stock, which is attributable to the Minerals Group, pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board and bears a liquidation preference of $500 per share, plus an attributed amount equal to accrued and unpaid dividends thereon.

In 1994, the Board authorized the repurchase, from time to time, of up to $15 million of the Convertible Preferred Stock. Subsequent to this authorization and through October 1995, 24,720 shares at a total cost of $9.6 million had been repurchased, of which 16,370 shares at a cost of $6.3 million were repurchased in 1995. In November 1995, the Board authorized an increase in the remaining repurchase authority to $15 million. No additional share repurchases were made during the remainder of 1995 subsequent to the increased authorization. In 1996, 20,920 shares at a cost of $7.9 million were repurchased. The program to acquire shares remains in effect in 1997, and in February 1997, the Board authorized an increase in the remaining repurchase authority to $15 million.

Dividends

The Board intends to declare and pay dividends on Brink's Stock based on the earnings, financial condition, cash flow and business requirements of the Brink's Group. Since the Company remains subject to Virginia law limitations on dividends and to dividend restrictions in its public debt and bank credit agreements, losses by the Minerals Group or the Burlington Group could affect the Company's ability to pay dividends in respect of stock relating to the Brink's Group.

During 1996 and 1995, on an equivalent basis, the Board declared and the Company paid dividends on Brink's Stock of 10 cents and 9 cents per share, respectively.

In 1996 and 1995, dividends paid on the Convertible Preferred Stock were $3.8 million and $4.3 million, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The financial statements of the Pittston Burlington Group (the "Burlington Group") include the balance sheets, results of operations and cash flows of the Burlington Air Express Inc. ("Burlington") operations of The Pittston Company (the "Company"), and a portion of the Company's corporate assets and liabilities and related transactions which are not separately identified with operations of a specific segment. The Burlington Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate allocations reflected in these financial statements are determined based upon methods which management believes to be an equitable allocation of such expenses and credits. The accounting policies applicable to the preparation of the Burlington Group's financial statements may be modified or rescinded at the sole discretion of the Company's Board of Directors (the "Board") without the approval of the shareholders, although there is no intention to do so.

The Company will provide to holders of the Pittston Burlington Group Common Stock ("Burlington Stock") separate financial statements, financial reviews, descriptions of business and other relevant information for the Burlington Group in addition to consolidated financial information of the Company. Notwithstanding the attribution of assets and liabilities (including contingent liabilities) between the Burlington Group and the Pittston Brink's Group (the "Brink's Group") and the Pittston Minerals Group (the "Minerals Group") for the purpose of preparing their financial statements, this attribution and the change in the capital structure of the Company as a result of the approval of the Brink's Stock Proposal, as described in the Company's proxy statement dated December 15, 1995, did not result in any transfer of assets or liabilities of the Company or any of its subsidiaries. Holders of Burlington Stock are shareholders of the Company, which continues to be responsible for all liabilities. Therefore, financial developments affecting the Burlington Group, the Brink's Group or the Minerals Group that affect the Company's financial condition could affect the results of operations and financial condition of all three Groups. Accordingly, the Company's consolidated financial statements must be read in connection with the Burlington Group's financial statements.

The following discussion is a summary of the key factors management considers necessary in reviewing the Burlington Group's results of operations, liquidity and capital resources. This discussion must be read in conjunction with the financial statements and related notes of the Burlington Group and the Company.

RESULTS OF OPERATIONS

(In thousands)	Years Ended December 31 1996	1995	1994
Operating revenues:			
Burlington	$ 1,500,318	1,414,821	1,215,284
Operating profit:			
Burlington	$ 64,604	58,723	69,224
General corporate expense	(7,433)	(4,770)	(4,665)
Operating profit	$ 57,171	53,953	64,559

Net income for the Burlington Group for 1996 was $33.8 million, compared with $32.9 million in 1995. Operating profit totaled $57.2 million in 1996, compared with $54.0 million in 1995. Results for 1996 were impacted by higher general corporate expenses, of which approximately $1 million (pretax) related to the relocation of the Company's corporate headquarters to Richmond, Virginia. Revenues increased $85.5 million or 6% during 1996 as compared with the prior year. Operating expenses and selling, general and administrative expenses for 1996 increased $81.0 million or 6% over the 1995 level.

Net income for the Burlington Group for 1995 was $32.9 million compared with $38.4 million for 1994. Operating profit for 1995 was $54.0 million compared with $64.6 million in 1994. Net income and operating profit in 1994 benefited from substantial additional volumes of freight directed to Burlington during a nationwide trucking strike in the second quarter of 1994, which added an estimated $8 million to operating profit and $5 million to net income. Revenues for 1995 increased $199.5 million compared with 1994. Operating expenses and selling, general and administrative expenses for 1995 increased $209.8 million over the 1994 level.

Burlington
The following is a table of selected financial data for Burlington on a comparative basis:

(Dollars in thousands - except per pound/shipment amounts)	Years Ended December 31 1996	1995	1994
Operating revenues:			
Expedited freight services:			
Domestic U.S.	$ 547,647	528,174	561,286
International	713,834	698,624	542,166
Total expedited freight services	1,261,481	1,226,798	1,103,452
Customs clearances	135,887	115,135	77,586
Ocean and other (a)	102,950	72,888	34,246
Total operating revenues	1,500,318	1,414,821	1,215,284
Operating expense	1,317,423	1,245,721	1,043,895
Selling, general and administrative	119,821	113,210	105,371
Total costs and expenses	1,437,244	1,358,931	1,149,266
Other operating income, net	1,530	2,833	3,206
Operating profit:			
Domestic U.S.	36,143	30,416	45,732
International	28,461	28,307	23,492
Total operating profit	$ 64,604	58,723	69,224
Depreciation and amortization	$ 23,254	19,856	17,209
Cash capital expenditures	$ 59,238	32,288	23,946
Expedited freight services shipment growth rate (b)	1.3%	6.2%	6.1%
Expedited freight services weight growth rate (b):			
Domestic U.S.	3.3%	(3.8%)	19.3%
International	3.0%	29.1%	25.3%
Worldwide	3.1%	11.3%	22.1%
Expedited freight services weight (million pounds)	1,433.2	1,390.2	1,248.5
Expedited freight services shipments (thousands)	5,180	5,112	4,805
Expedited freight services average:			
Yield (revenue per pound)	$ 0.880	0.882	0.884
Revenue per shipment	$ 244	240	229
Weight per shipment (pounds)	277	272	259

(a) Primarily international ocean freight.
(b) Compared to the same period in the prior year.

Burlington's operating profit amounted to $64.6 million in 1996, an increase of $5.9 million (10%) from the level achieved in 1995. Worldwide revenues increased by 6% to $1.5 billion from $1.4 billion in 1995. The $85.5 million growth in revenues reflects both an increase in worldwide expedited freight services pounds shipped as well as substantially higher other freight services revenues, which include customs clearances, ocean and other.

The worldwide expedited freight services revenues increase of 3%, from $1,226.8 million in 1995 to $1,261.5 million in 1996 was the result of a corresponding 3% increase in worldwide expedited freight services weight shipped, from 1,390.2 million pounds in 1995 to 1,433.2 million pounds in 1996. The average expedited freight services yield remained essentially unchanged. Other freight services revenues increased 27% from $188.0 million in 1995 to $238.8 million in 1996, due primarily to growth in custom clearance and ocean freight services. Total costs and expenses increased by 6% from $1,358.9 million in 1995 to $1,437.2 million in 1996, reflecting the additional business volume, along with system and facility improvements and expansion.

Domestic expedited freight services revenues during 1996 increased by 4% or $19.5 million to $547.7 million from $528.2 million in the prior year, while other domestic freight services revenues remained essentially unchanged at $6.9 million. Domestic operating profit increased 19% from $30.4 million in 1995 to $36.1 million in 1996. The increase in operating profit reflects higher volume and lower average transportation costs (primarily the benefit of reduced Federal Excise Tax liabilities prior to re-instatement of such tax in August 1996), partially offset by higher fuel costs. In addition, domestic operating margin also benefited from station and general and administrative cost efficiencies. However, the domestic average yield for 1996 remained essentially unchanged as compared to 1995 due to lower average pricing and sales mix for Burlington's overnight service, offset by the initiation of a surcharge on domestic shipments.

International expedited freight services revenues of $713.8 million in 1996 represented a $15.2 million (2%) increase over the $698.6 million reported in

1995. This increase in revenue is due to the 3% growth in expedited freight services weight shipped, offset partially by a slightly lower average yield. In addition, international non-expedited freight services revenues increased $50.8 million (28%) from $181.1 million in 1995 to

$231.9 million in 1996. This increase in revenue is primarily due to an increase in custom clearance and a continued expansion of ocean freight services. International operating profit amounted to $28.5 million in 1996, essentially unchanged as compared to the $28.3 million recorded in 1995. Operating profit in 1996, primarily reflects improved operating margins in US exports and ocean freight services. However, these improvements were offset, in large part, by added costs related to the expansion of ocean and logistics operations and further investments to strengthen Burlington's worldwide network including quality improvements in global systems, facilities and acquisitions.

Burlington recently created a new business unit, BAX Global Logistics, (also trading as Logistics Advantage('tm')) to provide customers with cost-effective logistics solutions and, in 1996, it enhanced its information technology capability, thus enabling the development of a broader range of sophisticated business solutions. BAX Global Logistics operates from several warehouse locations worldwide. In addition, six Burlington operations earned ISO 9002 certificates in 1996, bringing the total number of certified facilities to 144, spanning 16 countries. Burlington has recently embarked on a program to enhance the quality of its service and improve efficiencies. While the full benefits cannot now be predicted with confidence, management believes significant cost reductions and operating improvements can be made with initial impacts likely to be felt in the second quarter of 1997.

Burlington's operating profit amounted to $58.7 million in 1995, a decline of $10.5 million (15%) from the level achieved in 1994, as the 1994 results benefited from significant additional domestic freight as a result of a nationwide trucking strike, which added an estimated $8 million to operating profit. Worldwide revenues increased by 16% to $1.4 billion from $1.2 billion in 1994. The $199.5 million growth in revenues principally reflects a 11% increase in worldwide expedited freight services pounds shipped as well as substantially higher non-expedited freight services revenues.

During 1995, worldwide expedited freight services revenues increased 11% as a result of higher volumes with average yields essentially unchanged. Worldwide expedited freight services weight shipped increased by 11%, from 1,248.5 million pounds in 1994 to 1,390.2 million pounds in 1995. Total costs and expenses increased by 18% over the 1994 level reflecting additional business volume and the acquisition of additional foreign subsidiaries.

Domestic expedited freight services revenues for 1995 decreased by 6% to $528.2 million from $561.3 million in the prior year. Domestic operating profit also declined from $45.7 million in 1994 to $30.4 million in 1995. Operating profit declined by 33% reflecting a 2% decrease in the average yield, 4% lower volume and modestly higher average transportation costs, partially offset by lower administrative costs. The volume decline reflected the impact of the trucking strike in the second quarter of 1994, which served to substantially increase weight shipped in that period.

International expedited freight services revenues in 1995 of $698.6 million represented a $156.5 million (29%) increase over the $542.2 million reported in 1994. International operating profit amounted to $28.3 million in 1995, 20% higher than the 1994 level, principally due to a 25% favorable change in expedited freight services weight shipped, partially offset by higher transportation costs. The increase in volume is mainly attributed to the growth in the world-wide flow of international expedited freight services and the expansion of company-owned operations.

Revenues from other activities during 1995 increased 68% or $76.2 million to $188.0 million, due to an increase in custom clearance and a continued expansion of ocean freight services.

Other operating income decreased $1.3 million to $1.5 million in 1996 from $2.8 million in 1995 and decreased $0.4 million in 1995 from $3.2 million in 1994. Other operating income principally includes foreign exchange transaction gains and losses. The changes in other operating income for the comparable periods are due to fluctuations in such gains and losses.

Foreign Operations

A portion of the Burlington Group's financial results is derived from activities in several foreign countries, each with a local currency other than the U.S. dollar. Because the financial results of the Burlington Group are reported in U.S. dollars, they are affected by the changes in the value of the various foreign currencies in relation to the U.S. dollar. The Burlington Group's international activity is not concentrated in any single currency, which limits the risks of foreign currency rate fluctuation. In addition, these rate fluctuations may adversely affect transactions which are denominated in currencies other than the functional currency. The Burlington Group routinely enters into such transactions in the normal course of its business. Although

the diversity of its foreign operations limits the risks associated with such transactions, the Company, on behalf of the Burlington Group, uses foreign currency forward contracts to hedge the risk associated with such transactions. Realized and unrealized gains and losses on these contracts are deferred and recognized as part of the specific transaction hedged. In addition, cumulative translation adjustments 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 Brazil operates in such a highly inflationary economy.

The Burlington Group is subject to other risks customarily associated with doing business in foreign countries, including labor and economic conditions, controls on repatriation of earnings and capital, nationalization, political instability, expropriation and other forms of restrictive action by local governments. The future effects, if any, of such risks on the Burlington Group cannot be predicted.

Corporate Expenses
A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Burlington Group based upon utilization and other methods and criteria which management believes to be an equitable and a reasonable estimate of the costs attributable to the Burlington Group. These allocations were $7.4 million, $4.8 million and $4.7 million in 1996, 1995 and 1994, respectively.

The increase in the corporate expense allocation during 1996 is primarily due to additional services provided to the Burlington Group by corporate office personnel combined with the relocation of the Company's corporate headquarters to Richmond, Virginia, during September 1996. The costs of this move, including moving expenses, employee relocation, severance pay and temporary employee costs, amounted to $2.9 million. Approximately, $1 million of these costs were attributed to the Burlington Group.

Other Operating Income
Other operating income decreased $1.3 million to $1.5 million in 1996 from $2.8 million in 1995 and decreased $0.4 million in 1995 from $3.2 million in 1994. Other operating income principally includes foreign exchange transaction gains and losses, and the changes for the comparable periods are due to fluctuations in such gains and losses.

Interest Income
Interest income decreased $1.9 million to $2.5 million in 1996 from $4.4 million in 1995, which was $2.3 million higher than the $2.1 million level in 1994. The fluctuations in both years are primarily attributed to interest income earned from amounts owed by the Minerals Group of $1.8 million and $3.4 million in 1996 and 1995, respectively.

Interest Expense
Interest expense for 1996 decreased $1.0 million to $4.1 million from $5.1 million in 1995. Interest expense for 1995 increased $1.3 million to $5.1 million from $3.8 million in 1994. The higher level of interest in 1996 and 1995, as compared to 1994, is primarily due to significantly higher average borrowings, a significant portion of which resulted from the Burlington Group's expansion of international operations.

Other Income (Expense), Net
In 1996, other net expense increased by $0.3 million to a net expense of $2.0 million. In 1995, other net expense increased $0.1 million compared to 1994.

Income Taxes
In 1996, 1995 and 1994, the provision for income taxes exceeded the statutory federal income tax rate of 35% primarily due to provisions for state income taxes and goodwill amortization, partially offset by lower taxes on foreign income.

FINANCIAL CONDITION

A portion of the Company's corporate assets and liabilities has been attributed to the Burlington Group based upon utilization of the shared services from which assets and liabilities are generated. Management believes this attribution to be an equitable and a reasonable estimate of the cost attributable to the Burlington Group.

Corporate assets, which were allocated to the Burlington Group consisted primarily of pension assets and deferred income taxes and amounted to $17.6 million at December 31, 1996 and $32.4 million at December 31, 1995.

Cash Provided By Operating Activities
Cash provided by operating activities totaled $63.1 million in 1996, an increase of $23.6 million from $39.5 million in 1995. Although net income increased $1.0 million, higher non-cash charges, included in net income, and lower funding required for operating assets and liabilities, led to an additional $23.6 million in cash generated during the year.

Capital Expenditures
Cash capital expenditures for 1996 totaled $61.3 million and an additional $0.4 million of expenditures were made through capital and operating leases. In addition, $2.1 million was allocated to the Burlington Group for corporate expenditures primarily related to the purchase of the Company's new corporate headquarters. Cash capital expenditures totaled $32.4 million in 1995 and an additional $2.4 million of expenditures were made through capital and operating leases. Capital expenditures made during 1996 included expenditures to acquire new facilities, to expand global network systems and to purchase three aircraft which were previously held under long-term operating leases.

Gross capital expenditures in 1997 are currently expected to approximate $65 million, of which approximately $5 million is currently expected to be financed through leases. The 1997 estimated expenditures approximate the 1996 level of gross expenditures. The expenditures at Burlington will relate to the support of new facilities and the implementation of new information systems providing improved efficiency and service.

Other Investing Activities
Other investing activities, primarily outlays for aircraft heavy maintenance, required net funding of $17.7 million in 1996 compared to $19.6 million in the prior year. Cash outlays for heavy maintenance amounted to $23.4 million in 1996, $1.0 million higher than in 1995. Burlington anticipates spending approximately $24 million on aircraft heavy maintenance in 1997.

Financing
The Burlington Group intends to fund capital expenditures through cash flow from operating activities or through operating leases if the latter are financially attractive. Shortfalls, if any, will be financed through the Company's revolving credit agreements, short-term borrowing arrangements or repayments from the Minerals Group.

The Company has a $350.0 million revolving credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. During the second quarter of 1996, the maturity date of both the term loan and the revolving credit portion of the Facility was extended to May 31, 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. No portion of the total amount outstanding under the Facility at December 31, 1996 or 1995 was attributed to the Burlington Group.

The 4% debentures, due July 1, 1997, are attributed to the Burlington Group and are expected to be repaid from borrowings under the Facility.

Under the terms of some of its debt instruments, the Company has agreed to various restrictions relating to the payment of dividends, the repurchase of capital stock, the maintenance of consolidated net worth and the amount of additional debt which may be incurred. Allowable restricted payments for dividends and stock repurchases aggregated $255.8 million at December 31, 1996. Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $560 million.

Debt
Total debt outstanding for the Burlington Group amounted to $61.6 million at December 31, 1996 and $60.8 million at year-end 1995. During 1996, there was a net cash outflow before financing of $15.9 million. Requirements for common stock repurchases, dividends and costs associated with the Brink's Stock Proposal, offset in part by debt repayments from the Minerals Group and proceeds from the exercise of stock options, resulted in an $8.0 million decrease in cash balances.

Related Party Transactions
At December 31, 1996, under an interest bearing borrowing arrangement, the Minerals Group owed the Burlington Group $7.7 million, a $12.2 million decrease from the $19.9 million owed at December 31, 1995.

At December 31, 1996, the Burlington Group owed the Minerals Group $24.3 million for tax payments representing Minerals Group's tax benefits utilized by Burlington in accordance with the Company's tax sharing policy, of which $11.0 million is expected to be paid within one year. The Burlington Group paid the Minerals Group $14.9 million for the utilization of such tax benefits during 1996.

Off-balance Sheet Instruments
The Burlington Group utilizes various off-balance sheet financial instruments, as discussed below, to hedge foreign currency and other market exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. The Burlington Group does not expect any losses due to such counterparty default.

Foreign currency forward contracts--The Company, on behalf of the Burlington Group, enters into foreign currency forward contracts with a duration of up to 45 days as a hedge against liabilities denominated in various currencies. These contracts do not subject the Company to risk due to exchange rate movements because gains and losses on these contracts offset losses and gains on the liabilities being hedged. At December 31, 1996, the total notional value of foreign currency forward contracts outstanding was $1.1 million. As of such date, the fair value of the foreign currency forward contracts was not significant.

Fuel contracts--The Company, on behalf of the Burlington Group, has hedged a portion of its jet fuel requirements through several commodity option transactions that are intended to protect against significant increases in jet fuel prices. At December 31, 1996, these transactions aggregated 18.0 million gallons and are applicable throughout the first half of 1997. The fair value of these fuel hedge transactions may fluctuate over the course of the contract period due to changes in the supply and demand for oil and refined products. Thus, the economic gain or loss, if any, upon settlement of the contracts may differ from the fair value of the contracts at an interim date. At December 31, 1996, the fair value of these contracts was not significant.

Interest rate contracts--In connection with the aircraft leasing transactions by Burlington, the Company has entered into an interest rate swap agreement. This variable to fixed interest rate swap agreement has a notional value of $30 million and fixes the Company's interest rate at 7.05% until January 2,1998. Given the decline in the base variable rate subsequent to when the agreement was entered into, the cost to the Company to terminate the agreement would have been $0.6 million on December 31, 1996.

Contingent Liabilities
Under the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act"), the Company and its majority-owned subsidiaries at July 20, 1992, including certain companies of the Burlington Group are jointly and severally liable with certain companies of the Minerals Group and of the Brink's Group for the costs of health care coverage provided for by that Act. For a description of the Health Benefit Act and a calculation of certain of such costs, see Note 13 to the Company's consolidated financial statements. At this time, the Company expects the Minerals Group to generate sufficient cash flow to discharge its obligations under the Act.

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.9 million and $17.0 million over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The cleanup estimates have been modified from prior years' in light of cost inflation. 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, unforseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgment. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. The Company appealed the District Court's decision to the Third Circuit. However, management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs ultimately will be probable of realization. Accordingly, it is the Company's belief that, based on estimates of potential liability and probable realization of insurance recoveries, the Company would be liable for approximately $1.4 million based on the Court's decision and related developments of New Jersey law.

Capitalization
On January 18, 1996, the shareholders of the Company approved the Brink's Stock Proposal, resulting in the modification of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Pittston

Services Group Common Stock ("Services Stock") were redesignated as Pittston Brink's Group Common Stock ("Brink's Stock") on a share-for-share basis, and a new class of common stock, designated as Burlington Stock, was distributed on the basis of one-half of one share of Burlington Stock for each share of Services Stock previously held by shareholders of record on January 19, 1996.

Brink's Stock, Burlington Stock and Minerals Stock are designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, Burlington Group and Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Company prepares separate financial statements for the Brink's, Burlington and Minerals Groups in addition to consolidated financial information of the Company.

The redesignation of the Company's common stock as Brink's Stock and the distribution of Burlington Stock as a result of the approval of the Brink's Stock Proposal did not result in any transfer of assets or liabilities of the Company or any of its subsidiaries. Holders of all three classes of stock are shareholders of the Company, which continues to be responsible for all liabilities. Therefore, financial developments affecting the Brink's Group, the Burlington Group or the Minerals Group that affect the Company's financial condition could affect the results of operations and financial condition of all three Groups.

The change in the capital structure of the Company had no effect on the Company's total capital, except as to expenses incurred in the execution of the Brink's Stock Proposal. Since the approval of the Proposal, capitalization of the Company has been affected by the share activity related to each of the classes of common stock.

In November 1995, the Board authorized a revised share repurchase program which allowed for the purchase, from time to time, of up to 1,500,000 shares of Brink's Stock, 1,500,000 shares of Burlington Stock and 1,000,000 shares of Minerals Stock, not to exceed an aggregate purchase price of $45.0 million; such shares to be purchased from time to time in the open market or in private transactions, as conditions warrant. Prior to the revised program, 401,900 shares of Services Stock were repurchased at an aggregate cost of $9.6 million, of which 145,800 shares at an aggregate cost of $3.4 million were repurchased in 1995. On an equivalent basis, repurchases totaled 200,950 at an aggregate cost attributed to the Burlington Group of $3.2 million, with repurchases of 72,900 shares at an attributed cost of $1.1 million in 1995. No additional repurchases were made during the remainder of 1995 subsequent to the implementation of the revised program. During 1996, the Company repurchased 75,600 shares of Burlington Stock at a cost of $1.4 million. The program to acquire shares remains in effect in 1997.

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January, 1994, the Company issued $80.5 million (161,000 shares) of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), convertible into Minerals Stock. The Convertible Preferred Stock, which is attributable to the Minerals Group, pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board and bears a liquidation preference of $500 per share, plus attributed an amount equal to accrued and unpaid dividends thereon.

In 1994, the Board authorized the repurchase, from time to time, of up to $15 million of the Convertible Preferred Stock. Subsequent to this authorization and through October 1995, 24,720 shares at a total cost of $9.6 million had been repurchased, of which 16,370 shares at a cost of $6.3 million were repurchased in 1995. In November 1995, the Board authorized an increase in the remaining repurchase authority to $15 million. No additional share repurchases were made during the remainder of 1995 subsequent to the increased authorization. In 1996, 20,920 shares at a cost of $7.9 million were repurchased. The program to acquire shares remains in effect in 1997, and in February 1997, the Board authorized an increase in the remaining repurchase authority to $15 million.

Dividends

The Board intends to declare and pay dividends on Burlington Stock based on the earnings, financial condition, cash flow and business requirements of the Burlington Group. Since the Company remains subject to Virginia law limitations on dividends and to dividend restrictions in its public debt and bank credit agreements, losses by the Minerals Group or the Brink's Group could affect the Company's ability to pay dividends in respect of stock relating to the Burlington Group.

During 1996 and 1995, on an equivalent basis, the Board declared and the Company paid dividends on Burlington Stock of 24 cents and 22 cents per share, respectively.

In 1996 and 1995, dividends paid on the Convertible Preferred Stock were $3.8 million and $4.3 million, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The financial statements of the Pittston Minerals Group (the "Minerals Group") include the balance sheets, results of operations and cash flows of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of The Pittston Company (the "Company"), and a portion of the Company's corporate assets and liabilities and related transactions which are not separately identified with operations of a specific segment. The Minerals Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate allocations reflected in these financial statements are determined based upon methods which management believes to be an equitable allocation of such expenses and credits. The accounting policies applicable to the preparation of the Minerals Group's financial statements may be modified or rescinded at the sole discretion of the Company's Board of Directors (the "Board") without the approval of the shareholders, although there is no intention to do so.

The Company will provide to holders of the Pittston Minerals Group Common Stock ("Minerals Stock") separate financial statements, financial reviews, descriptions of business and other relevant information for the Minerals Group in addition to consolidated financial information of the Company. Notwithstanding the attribution of assets and liabilities (including contingent liabilities) between the Minerals Group and the Pittston Brink's Group (the "Brink's Group") and the Pittston Burlington Group (the "Burlington Group") for the purpose of preparing their financial statements, this attribution and the change in the capital structure of the Company as a result of the approval of the Brink's Stock Proposal, as described in the Company's proxy statement dated December 15, 1995, did not result in any transfer of assets or liabilities of the Company or any of its subsidiaries. Holders of Minerals Stock are shareholders of the Company, which continues to be responsible for all liabilities. Therefore, financial developments affecting the Minerals Group, the Brink's Group or the Burlington Group that affect the Company's financial condition could affect the results of operations and financial condition of all three Groups. Accordingly, the Company's consolidated financial statements must be read in connection with the Minerals Group's financial statements.

The following discussion is a summary of the key factors management considers necessary in reviewing the Minerals Group's results of operations, liquidity and capital resources. This discussion must be read in conjunction with the financial statements and related notes of the Minerals Group and the Company.

RESULTS OF OPERATIONS

(In thousands)	Years Ended December 31 1996	1995	1994
Net sales:			
Coal Operations	$ 677,393	706,251	779,504
Mineral Ventures	19,120	16,600	15,494
Net sales	$ 696,513	722,851	794,998
Operating profit (loss):			
Coal Operations	$ 20,034	23,131	(83,451)
Mineral Ventures	1,619	207	1,134
Segment operating profit (loss)	21,653	23,338	(82,317)
General corporate expense	(6,555)	(7,266)	(6,845)
Operating profit (loss)	$ 15,098	16,072	(89,162)

In 1996, the Minerals Group reported net income of $10.7 million, compared to net income of $14.0 million in 1995. Operating profit totaled $15.1 million in 1996 compared with $16.1 million in the prior year. Net sales during 1996 decreased $26.3 million (4%) compared to the corresponding period in 1995. Operating profit and net income during 1996 included three significant items (related to Coal Operations): a $35.7 million benefit from the settlement of the Evergreen case at an amount lower than previously accrued ($23.2 million after-tax); a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets ($19.5 million after-tax); and an $11.7 million benefit from the reversal of excess restructuring liabilities ($7.6 million after-tax). Excluding the three items mentioned above, Coal Operations would have recorded operating profit of $2.7 million for 1996 and the Minerals Group would have had a net loss of $0.6 million for 1996.

The Minerals Group earned $14.0 million of net income in 1995, compared to a net loss of $52.9 million in 1994. Results in 1994 included charges of $58.1 million and $90.8 million, affecting net income and operating profit, respectively, for asset writedowns and accruals for costs related to facility shutdowns at Coal Operations. Excluding the 1994 charges, net income increased by $8.8 million in 1995. This increase resulted primarily from sales of assets and a favorable litigation accrual as well as a significant tax benefit, offset in part by an increase in net interest expense and nonoperating expenses.

Coal Operations
The following is a table of selected financial data for Coal Operations on a comparative basis:

(In thousands)	Years Ended December 31 1996	1995	1994
Net sales	$ 677,393	706,251	779,504
Cost of sales	693,505	683,621	760,966
Selling, general and administrative	24,261	22,415	26,294
Restructuring and other (credits) charges, including litigation accrual	(47,299)	--	90,806
Total costs and expenses	670,467	706,036	878,066
Other operating income, net	13,108	22,916	15,111
Operating profit (loss)	$ 20,034	23,131	(83,451)
Coal sales (tons):			
Metallurgical	8,124	8,607	9,884
Utility and industrial	14,847	15,789	18,198
Total coal sales	22,971	24,396	28,082
Production/purchased (tons):			
Deep	3,930	3,982	4,857
Surface	11,151	12,934	15,107
Contract	1,621	1,941	2,364
	16,702	18,857	22,328
Purchased	5,762	6,047	5,826
Total	22,464	24,904	28,154

Coal Operations had an operating profit of $20.0 million in 1996 compared to an operating profit of $23.1 million in 1995. Operating profit for 1996 included a benefit of $35.7 million from the settlement of the Evergreen case at an amount lower than previously accrued in 1993 and a benefit from excess restructuring liabilities of $11.7 million. These benefits were offset, in part, by a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets. The charge is included in cost of sales ($26.3 million) and selling, general and administrative expenses ($3.6 million). All three of these items are discussed in greater detail below. Operating profit in 1996 was also impacted by a decrease in other operating income of $9.8 million, primarily due to decreases in gains from the sale of coal assets which generated $11.9 million in 1995.

Coal Operations' operating profit amounted to $23.1 million in 1995, compared to the $83.5 million operating loss recorded in 1994. The operating loss in 1994 included $90.8 million of charges for asset writedowns and accruals for costs related to facility shutdowns. Excluding the charges for asset writedowns and accruals from the 1994 results, operating profit from Coal Operations increased by $15.8 million in 1995.

Coal Operations' operating profit, excluding restructuring (credits) charges, the effects of the Evergreen Settlement and the adoption of SFAS No. 121, is analyzed as follows:

(In thousands)	Years Ended December 31 1996	1995	1994
Net coal sales (a)	$670,121	702,864	777,758
Current production cost of coal sold (a)	634,754	648,383	723,967
Coal margin	35,367	54,481	53,791
Non-coal margin	2,177	749	324
Other operating income, net	13,108	22,916	15,111
Margin and other income	50,652	78,146	69,226
Other costs and expenses:			
Idle equipment and closed mines	1,044	9,980	4,854
Inactive employee cost	26,300	22,620	30,723
Selling, general and administrative	20,625	22,415	26,294
Total other costs and expenses	47,969	55,015	61,871
Operating profit (before restructuring and other (credits) charges) (b)	$ 2,683	23,131	7,355
Coal margin per ton:			
Realization	$ 29.17	28.81	27.70
Current production costs	27.63	26.58	25.78
Coal margin	$ 1.54	2.23	1.92

(a) Excludes non-coal components.

(b) Restructuring and other (credits) charges in 1996 consist of an impairment loss related to the adoption of SFAS No. 121 of $29,948 ($26,312 in cost of sales and $3,636 in selling, general and administrative expenses), a gain from the settlement of the Evergreen case of $35,650 at an amount lower than previously accrued and a benefit from excess restructuring liabilities of $11,649. Both the gain from the Evergreen case and the benefit from excess restructuring liabilities are included in Coal Operations' operating profit as "Restructuring and other (credits) charges, including litigation accrual". Restructuring and other (credits) charges in 1994 consist of $90,806 in restructuring charges.

Sales volume of 23.0 million tons in 1996 was 1.4 million tons less than the 24.4 million tons sold in 1995. Metallurgical coal sales decreased by 0.5 million tons (6%) in 1996 to 8.1 million tons compared to the prior year period. Steam coal sales decreased by 0.9 million tons (6%) in 1996 to 14.9 million tons compared to the prior year period. Steam coal sales represented 65% of the total sales volume for both 1996 and 1995.

Total coal margin of $35.4 million for 1996 represented a decrease of $19.1 million (35%) from the 1995 coal margin of $54.5 million. The decline in coal margin primarily reflects a $1.05 per ton (4%) increase in the current production cost of coal sold which was partially offset by a $0.36 per ton (1%) increase in realization. Coal margin was also negatively impacted by a decrease in 1996 in tons of coal sold from 24.4 million to 23.0 million. The increase in average realization per ton was mainly due to export metallurgical coal pricing. For the contract year that began April 1, 1996, export metallurgical coal prices only increased slightly over those in effect at April 1, 1995, which were significantly improved over the April 1, 1994 prices. As a result, the export metallurgical realization for 1996 as compared to 1995 benefited from higher first quarter realization (1995 contract prices versus 1994 contract prices) and from additional export tonnage shipped. Domestic steam coal pricing, mostly priced according to long-term contracts, improved modestly as contract escalations were mostly offset by lower priced spot sales. Coal Operations is currently in negotiations with a majority of its metallurgical customers for the contract year which begins on April 1, 1997. Expectations are that metallurgical prices will not vary significantly from the current 1996 contract year pricing levels.

The increase in the current production cost per ton of coal sold for 1996 is due to higher company surface mine and purchased coal costs which were only partially offset by lower company deep mine and contract coal costs as well as a state tax credit for coal produced in Virginia. Current production costs in 1996 were also negatively impacted by higher fuel prices and increases in employee benefits and reclamation and environmental costs. Production for 1996 totaled 16.7 million tons, a decrease of 11% from 1995, principally reflecting reductions in production due to mine sales and closures in 1995. Surface mine production accounted for 67% and 69% of the total production volume in 1996 and 1995, respectively. Productivity of 37.6 tons per man day represents a slight increase from 1995.

Beginning in 1996, the amount of coal produced in Virginia generates tax credits under the Commonwealth of Virginia's newly enacted law, the "Coalfield Employment Enhancement Tax Credit." This law, which is effective from January 1, 1996 through December 31, 2001, provides Virginia coal producers with a refundable credit against taxes imposed by the Commonwealth for coal produced in Virginia. Coal Operations generated approximately $3 million in credits in 1996 to be realized in future years.

Non-coal margin for 1996 increased by $1.4 million from 1995, reflecting higher gas prices. Other operating income, including sales of properties and equipment and third party royalties, amounted to $13.0 million in 1996, $9.8 million less than 1995. The higher level of income recorded in 1995 reflects gains of $11.9 million from the sale of coal assets.

Idle equipment and closed mine costs decreased by $8.9 million in 1996. Idle equipment expenses were reduced from the prior period level as a result of Coal Operations' improved equipment management program. Additionally, costs for 1995 were adversely impacted by the idling of two surface mines. Inactive employee costs, which primarily represent long-term employee liabilities for pension and retiree medical cost, increased by $3.8 million to $26.3 million in 1996. The unfavorable variance is due to the use of lower long-term interest rates to calculate the present value of the long-term liabilities in 1996. In addition, inactive employee costs in 1995 include a benefit of $2.5 million from a favorable litigation decision.

Selling, general and administrative expenses continued to decline in 1996 as a result of cost control efforts implemented in 1995. These costs decreased $2.0 million (or 9%) in 1996 over the 1995 year.

Total coal margin of $54.5 million for 1995 increased by $0.7 million (1%) from 1994, as a $1.11 per ton increase in realization was only partially offset by an $0.80 per ton increase in production costs on a lower production volume.

Sales volume of 24.4 million tons in 1995 was 3.7 million tons less than the 28.1 million tons sold in 1994. Steam coal sales decreased by 2.4 million tons to 15.8 million tons and metallurgical coal sales declined by 1.3 million tons to 8.6 million tons compared to the prior year. Steam coal sales represented 65% of total volume in 1995, as in 1994.

Coal margin per ton increased to $2.23 in 1995 from $1.92 for 1994 caused by a $1.11 (4%) per ton increase in realization partially offset by a $0.80 (3%) per ton increase in current production costs. The average realization increase was largely due to an increase in metallurgical coal pricing. Export metallurgical coal prices increased substantially in the coal contract year which began on April 1, 1995, compared to the prior year level, with realizations generally increasing by $4.00 to $5.50 per metric ton, depending upon coal quality. Domestic steam coal markets were depressed in 1995, with spot pricing at exceptionally low levels. However, the majority of Coal Operations' steam coal sales were, in 1995, and continue to be sold under long-term contracts.

The current production cost of coal sold in 1995 increased over the 1994 level largely stemming from higher mining costs and an increase in the cost of purchased coal. Production in 1995 totaled 18.9 million tons, a 16% decrease compared to the 22.3 million tons produced in 1994, principally reflecting the scheduled reduction in underground mine production during 1994 and early 1995, and the idling of surface steam coal mines. Production costs in 1995 benefited from a reduction in property taxes associated with certain properties. The property tax reduction was approximately $2.5 million in 1995. Surface production accounted for 69% and 68% of total production volume in 1995 and 1994, respectively. Productivity of 37 tons per man day represented a 5% increase over the 1994 level.

Other operating income, primarily reflecting sales of properties and equipment and third party royalties, amounted to $22.9 million in 1995, $7.8 million higher than in 1994. The favorable change in 1995 primarily reflects additional income from property dispositions.

Idle equipment and closed mine costs increased by $5.1 million in 1995, primarily reflecting higher idle equipment costs due to the idling of two surface mines in 1995. Inactive employee costs, which primarily represent long-term employee liabilities for pension and retiree medical costs, were reduced by $8.1 million to $22.6 million in 1995. The reduction primarily reflects the use of higher long-term interest rates used to calculate the present value of the long-term liabilities at the beginning of 1995 compared to those used in 1994. In addition, reduced costs reflected the continued decline in black lung claims and a $2.5 million benefit recorded from a favorable litigation decision which reduced previously accrued employee benefits.

Selling, general and administrative expenses in 1995 declined by $3.9 million compared to the 1994 level. Expenses were reduced as a result of cost control efforts, as well as the benefit from the full year impact of the consolidation of administrative functions subsequent to the acquisition in early 1994 of substantially all the coal mining operations and coal sales contracts of Addington Resources, Inc. ("Addington").

The market for metallurgical coal, for much of the past fifteen years, has been characterized by weak demand from primary steel producers and intense competition from foreign coal producers, especially those in Australia and Canada. Metallurgical coal sales contracts are typically subject to annual price negotiations, which increase the risk of market forces. As a result of these conditions in the metallurgical coal markets, Coal Operations decreased its exposure to this business by selecting to participate only in those higher-margin metallurgical markets which generate acceptable profitability. Simultaneously with that business decision, management conducted a review of the economic viability of its metallurgical coal assets in early 1994 and determined that four underground mines were no longer economically viable and should be closed, resulting in significant economic impairment to three related preparation plants. In addition, it was determined that one surface steam coal mine, the Heartland mine, which provided coal to Alabama Power under a long-term sales agreement, would be closed due to rising costs caused by unfavorable geological conditions.

As a result of these decisions, Coal Operations incurred pretax charges of $90.8 million ($58.1 million after-tax) in the first quarter of 1994, which included a reduction in the carrying value of these assets and related accruals for mine closure costs. These charges included asset writedowns of $46.5 million which reduced the book carrying value of such assets to what management believes to be their net realizable value based on either estimated sales or leasing of such property to unrelated third parties. In addition, the charges included $3.8 million for required lease payments owed to lessors for machinery and equipment that would be idled as a result of the mine and facility closures. The charges also included $19.3 million for mine and plant closure costs which represented estimates of reclamation and other environmental costs to be incurred to bring the properties in compliance with federal and state mining and environmental laws. This charge was required due to the premature closing of the mines. The charge also included $21.2 million in contractually or statutorily required employee severance and other benefit costs associated with terminated and inactive employees, at these facilities.

Of the four underground mines included in the asset writedown, two ceased coal production in 1994 and one ceased coal production in 1996. Also, in 1994, Coal Operations reached agreement with Alabama Power Company to transfer the coal sales contract serviced by the Heartland mine to another location in West Virginia. The Heartland mine ceased coal production during 1994 and final reclamation and environmental work is complete. By early 1995, two of the three related preparation plants had also closed. At the beginning of 1994 there were approximately 750 employees involved in operations and other administrative support at the facilities included in the 1994 charge. Employment at these facilities was reduced by 52% to approximately 360 employees at December 31, 1994; by 81% to approximately 140 employees at December 31, 1995; and by 87% to approximately 100 employees at December 31, 1996.

The initiation in 1996 of the previously discussed Virginia tax credit, along with favorable labor negotiations and improved metallurgical contract pricing over 1994, led management to open three new underground coal mines in southwest Virginia during late 1996 and to reactivate one coal preparation and loading facility. When in full operation in 1997, these mines will annually produce approximately 1 million tons of premium grade metallurgical coal. Based on current reserve estimates, the mines will have an anticipated operating life of six to eight years. In addition, management decided to continue operating the last of the four underground mines and one related coal preparation and loading facility included in the 1994 charge.

As a result of these decisions and favorable workers' compensation claim development for closed mines, a portion of the restructuring reserve established in 1994 was no longer required. Accordingly, Coal Operations reversed $11.7 million ($7.6 million after-tax) of its restructuring reserve during the year. This amount includes $4.8 million related to estimated mine and plant closure costs, primarily reclamation, and $6.9 million in employee severance and other benefit costs.

Although coal production has ceased at the mines remaining in the accrual, Coal Operations will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. In addition, employee termination and medical costs will continue to be incurred for several years after the facilities have been closed. The significant portion of these employee liabilities is for statutorily provided workers' compensation costs for inactive employees. Such benefits include indemnity and medical costs as required under state workers' compensation laws. The long payment periods are based on continued, and, in some cases, lifetime indemnity and medical payments to injured former employees and their surviving spouses. Management believes that the reserve, as adjusted, at December 31, 1996, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The following table analyzes the changes in liabilities during the last three years for facility closure costs recorded as restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance January 1, 1994	$3,092	28,434	34,217	65,743
Additions	3,836	19,290	21,193	44,319
Payments (a)	3,141	9,468	12,038	24,647
Balance December 31, 1994	3,787	38,256	43,372	85,415
Payments (b)	1,993	7,765	7,295	17,053
Other reductions (c)	576	1,508	--	2,084
Balance December 31, 1995	1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (d)	842	5,499	3,921	10,262
Other reductions (c)	--	6,267	--	6,267
Balance December 31, 1996	$ 376	12,439	25,285	38,100

(a) Of the total payments made, in 1994, $8,672 was for liabilities recorded in years prior to 1993, $5,822 was for liabilities recorded in 1993 and $10,153 was for liabilities recorded in 1994.

(b) Of the total payments made in 1995, $6,424 was for liabilities recorded in years prior to 1993, $2,486 was for liabilities recorded in 1993 and $8,143 was for liabilities recorded in 1994.

(c) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.

(d) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993, $4,658 was for liabilities recorded in 1994.

During the next 12 months, expected cash funding of these charges will be approximately $6 to $10 million. Management estimates that the remaining liability for leased machinery and equipment will be fully paid over the next year. The liability for mine and plant closure costs is expected to be satisfied over the next ten years, of which approximately 49% is expected to be paid over the next two years. The liability for employee related costs, which is primarily workers' compensation, is estimated to be 44% settled over the next four years with the balance paid during the following five to ten years.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which "signatory operators" and "related persons", including the Company and certain of its subsidiaries (the "Pittston Companies"), are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share for certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1996, 1995 and 1994, these amounts, on a pretax basis, were approximately $10.4 million, $10.8 million, and $11.0 million, respectively. The Company believes that the annual cash funding under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10 million per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' assigned beneficiaries remaining at December 31, 1996 at approximately $210 million, which when discounted at 8% provides a present value estimate of approximately $90 million.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of the health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and recognizes the annual cost on a pay-as-you-go basis.

In February 1990, Coal Operations and the UMWA entered into a collective bargaining agreement that resolved a labor dispute and related strike of Coal Operations by UMWA-represented employees that began on April 5, 1989. As part of the agreement, the Coal Operations agreed to make a $10.0 million lump sum payment to the 1950 Benefit Trust Fund and to renew participation in the 1974 Pension and Benefit Trust Funds at specified contribution rates. These aspects of the agreement were subject to formal approval by the trustees of the funds. The trustees did not accept the terms of the agreement and, therefore, payments were made to escrow accounts for the benefit of union employees. Under the new 1994 Agreement, the Coal Operations agreed to continue participation in the 1974 Pension Plan at specified contribution rates, again subject to trustee approval.

In 1988, the trustees of the above-mentioned pension and benefit trust funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Minerals Group recognized in its financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case.

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

As a result of the settlement of the Evergreen Case at an amount lower than those previously accrued, the Minerals Group recorded a benefit of approximately $35.7 million ($23.2 million after-tax) in the first quarter of 1996 in its financial statements.

In 1996, the Minerals Group adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 requires companies to review assets for impairment whenever circumstances indicate that the carrying amount for an asset may not be recoverable. SFAS No. 121 resulted in a pre-tax charge to earnings for Coal Operations of $29.9 million ($19.5 million after-tax), of which $26.3 million was included in cost of sales and $3.6 million was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advanced royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment.

Mineral Ventures

The following is a table of selected financial data for Mineral Ventures on a comparative basis:

(Dollars in thousands, except per ounce data)	Years Ended December 31 1996	1995	1994
Stawell Gold Mine			
Gold sales	$ 19,071	16,449	15,360
Other revenue	49	151	134
Net sales	19,120	16,600	15,494
Cost of sales	13,898	12,554	10,620
Selling, general and administrative	1,124	1,025	1,122
Total costs and expenses	15,022	13,579	11,742
Operating profit-Stawell Gold Mine	4,098	3,021	3,752
Other operating expense, net	(2,479)	(2,814)	(2,618)
Operating profit	$ 1,619	207	1,134
Stawell Gold Mine:			
Mineral Ventures' 50% direct share:			
Ounces sold	45,957	40,302	38,626
Ounces produced	45,443	40,606	38,986
Average per ounce sold (US$):			
Realization	$ 415	408	398
Cash cost	287	297	273

The operating profit of Mineral Ventures, primarily a 67% direct and indirect interest in the Stawell gold mine ("Stawell") in western Victoria, Australia, amounted to $1.6 million in 1996 an increase of $1.4 million from the 1995 level. Mineral Ventures' 50% direct interest in operating profit provided $1.1 million of the increase and reflects the benefits of an additional 5.7 thousand ounces sold (14% increase), a $10 per ounce decrease in the cost of gold sold and a $7 per ounce increase in the selling price of gold. Stawell's cost of gold in 1996 was negatively impacted by four lost time accidents, but still improved over 1995's cost which was high due to adverse geological conditions at the mine. Other operating expense, net, which includes equity earnings from joint ventures and gold exploration costs, decreased by $0.3 million, primarily due to Stawell's improved performance, and accounted for the improvement in other operating expense. Gold exploration costs, essentially unchanged from 1995, are being incurred by Minerals Ventures in Nevada and Australia with its joint venture partner.

Mineral Ventures earned an operating profit of $0.2 million in 1995, a decrease of $0.9 million from the level reported in 1994. The unfavorable change reflects lower profits from Stawell, which experienced adverse geological conditions in 1995 that led to the production of lower ore grade and higher production costs and an increase in exploration costs.

At December 31, 1996, remaining recoverable proven and probable gold reserves at the Stawell mine were estimated at 531,000 ounces. The joint venture also has exploration rights in the highly prospective district around the mine.

In addition, Mineral Ventures has a 17% indirect interest in the Silver Swan base metals property in Western Australia. During the second quarter of 1996, it was formally announced that this nickel deposit will be developed as an underground mine with production expected to commence in mid-1997. As of December 31, 1996, the main production decline has reached 1,257 meters and the surface facilities were 60% complete.

Foreign Operations

A portion of the Minerals Group's financial results is derived from activities in Australia, which has a local currency other than the U.S. dollar. Because the financial results of the Minerals Group are reported in U.S. dollars, they are affected by the changes in the value of the foreign currency in relation to the U.S. dollar.

Rate fluctuations may adversely affect transactions which are denominated in the Australian dollar. The Minerals Group routinely enters into such transactions in the normal course of its business. The Company, on behalf of the Minerals Group, from time to time uses foreign currency exchange forward contracts to hedge the risks associated with certain transactions denominated in the Australian dollar. Realized and unrealized gains and losses on these contracts are deferred and recognized as part of the specific transaction hedged.

Corporate Expenses
A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Minerals Group based upon utilization and other methods and criteria which management believes to be an equitable and a reasonable estimate of the cost attributable to the Minerals Group. These allocations were $6.6 million, $7.3 million and $6.8 million in 1996, 1995 and 1994, respectively.

The decrease in the corporate expense allocation to the Mineral's Group during 1996 is primarily due to a decrease in services provided to the Minerals Group by corporate office personnel partially offset by the relocation of the Company's corporate headquarters to Richmond, Virginia, during September 1996. The costs of this move in 1996, including moving expenses, employee relocation, severance pay and temporary employee costs, amounted to $2.9 million. Approximately $.9 million of these costs were attributed to the Minerals Group.

Other Operating Income
Other operating income decreased $9.4 million to $13.4 million in 1996 from $22.8 million in 1995 and increased $7.5 million in 1995 from $15.3 million in 1994. Other operating income for the Minerals Group principally includes royalty income and gains and losses from sales of coal assets. The decrease in 1996 compared to 1995 was largely due to decreased income from sales of coal assets in 1996.

Interest Income
Interest income increased $0.2 million to $0.8 million in 1996 from $0.6 million in 1995, which was $0.4 million higher than the $0.2 million level in 1994.

Interest Expense
Interest expense in 1996 increased $0.2 million to $10.7 million from $10.5 million in 1995 and increased $4.0 million in 1995 from $6.5 million in 1994. Interest expense increased in 1996 due to higher average borrowings under revolving credit facilities. Interest expense in 1996, 1995 and 1994 included a portion of the Company's interest expense related to borrowings from the Company's term loan and revolving credit lines which was attributed to the Minerals Group. The amount of interest expense attributed to the Minerals Group for 1996, 1995 and 1994 was $7.5 million, $6.3 million and $4.4 million, respectively. In addition, interest expense includes charges on borrowings from the Brink's Group and Burlington Group. In 1996, Minerals interest expense included $2.6 million paid to Brink's and Burlington, as compared to $3.4 million in 1995.

Other Income (Expense), Net
Other income (expense), net, was a net expense of $1.8 million $1.1 million and $0.9 million in 1996, 1995 and 1994, respectively.

Income Taxes
In 1996 and 1995, a credit for income taxes was recorded despite the Minerals Group's generation of a pretax profit, due to the tax benefits of percentage depletion which can be used by the Company. In 1994, the credit for income taxes was higher than the amount that would have been recognized using the statutory federal income tax rate of 35% due to the tax benefits of percentage depletion and a reduction in the valuation allowance for deferred tax assets.

FINANCIAL CONDITION

A portion of the Company's corporate assets and liabilities has been attributed to the Minerals Group based upon utilization of the shared services from which assets and liabilities are generated. Management believes this attribution to be an equitable and a reasonable estimate of the costs attributable to the Minerals Group.

Corporate assets which were allocated to the Minerals Group consisted primarily of pension assets and deferred income taxes and amounted to $89.4 million and $77.5 million at December 31, 1996 and 1995, respectively.

Cash Provided By Operating Activities
Cash provided by operating activities amounted to $19.8 million in 1996 compared to $26.3 million in 1995. Net income, noncash charges and changes in operating assets and liabilities in 1996 were significantly affected by three items, a benefit from the settlement of the Evergreen case at an amount less than originally accrued, a charge related to SFAS 121, and a benefit

from the reversal of excess restructuring liabilities. These items had no effect on cash generated by operations except that the second Evergreen Case settlement payment of $7.0 million was paid from operating cash in the third quarter of 1996. The initial payment of $25.8 million related to the Evergreen case settlement was entirely funded by an escrow account previously established by the Company. The amount previously escrowed and accrued was included in "Short-term investments" and "Accrued liabilities" on the Minerals Group's balance sheet. Cash flow from operating activities in 1996 and 1995 was also positively impacted for tax payments received from the Burlington and Brink's Groups, in the amounts of $14.9 million and $14.5 million, respectively. Such payments represent Minerals Group's tax benefits utilized by the Burlington and Brink's Group and settled in accordance with the Company's tax sharing policy. Funding requirements for long-term inactive employee liabilities amounted to approximately $45 million in 1996, compared to $50 million in 1995. Funding requirements for restructuring charges are expected to be approximately $6 million to $10 million during the next twelve months.

The Minerals Group intends to fund any cash requirements during 1997 with anticipated cash flows from operations. Shortfalls, if any, will be financed through the Company's revolving credit agreements or borrowings from the Brink's and Burlington Groups.

Capital Expenditures

Cash capital expenditures for 1996 and 1995 totaled $23.6 million and $22.3 million, respectively, excluding equipment expenditures that have been or are expected to be financed through capital and operating leases. In 1996, Mineral Ventures and Coal Operations spent $2.7 million and $19.1 million, respectively, and $1.8 million was allocated to the Minerals Group for corporate expenditures primarily related to the purchase of the Company's new corporate headquarters. Additional expenditures financed through capital and operating leases amounted to $10.6 million and $8.7 million in 1996 and 1995, respectively. Approximately 81% of the gross capital expenditures in 1996 were incurred by Coal Operations segment. The majority of expenditures were for replacement and maintenance of current ongoing business operations. Gross expenditures made by Mineral Ventures operations approximated 11% of the Minerals Group's total capital expenditures and were primarily costs incurred for project development.

Gross capital expenditures are currently expected to approximate $68 million, of which approximately $40 million is currently expected to be financed through leases. The 1997 estimated expenditures are $35 million higher than the 1996 level of gross capital expenditures. The increase mainly reflects additional investments in existing mines as well as investment in new mines.

Other Investing Activities

Other investing activities provided net cash of $3.1 million in 1996. In 1995, other investing activities provided net cash of $16.7 million, primarily due to $18.9 million in proceeds from coal asset dispositions.

Financing

The Minerals Group intends to fund capital expenditures through cash flow from operating activities or through operating leases if the latter are financially attractive. Shortfalls, if any, will be financed through the Company's revolving credit agreements, short-term borrowings arrangements or borrowings from the Brink's and Burlington Groups.

The Company has a $350.0 million revolving credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. During the second quarter of 1996, the maturity date of both the term loan and the revolving credit portion of the Facility was extended to May 31, 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31, 1996, borrowings of $100.0 million were outstanding under the term loan portion of the Facility and $23.2 million of additional borrowings were outstanding under the remainder of the Facility. All borrowings under the Facility were attributed to the Minerals Group.

Under the terms of some of its debt instruments, the Company has agreed to various restrictions relating to the payment of dividends, the repurchase of capital stock, the maintenance of consolidated net worth and the amount of additional debt which may be incurred. Allowable restricted payments for dividends and stock repurchases aggregated $255.8 million at December 31, 1996. Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $560 million.

Debt
Total debt outstanding for the Minerals Group amounted to $125.0 million at December 31, 1996, and $102.1 million at year-end 1995. During 1996, there was a net cash outflow before financing of $0.7 million. The reduction of intercompany debt, repurchase of stock, and the payment of dividends resulted in net additional borrowings of $21.9 million and a decrease of $1.6 million in cash balances at year-end. At December 31, 1996, $123.2 million of the Company's long-term debt was attributed to the Minerals Group. The debt primarily relates to the Minerals Group's Addington acquisition in 1994, which was financed with a term loan under the Facility.

Related Party Transactions
At December 31, 1996, under interest bearing borrowing arrangements, the Minerals Group owed the Brink's Group $24.0 million, an increase of $6.1 million from the $17.9 million owed at December 31, 1995. The Minerals Group also owed the Burlington Group $7.7 million, $12.2 million less than the prior year-end amount.

At year-end 1996, the Brink's Group owed the Minerals Group $18.8 million for tax benefits, of which $10.0 million is expected to be paid within one year. Also at December 31, 1996, the Burlington Group owed the Minerals Group $24.3 million for tax benefits, of which $11.0 million is expected to be paid in one year.

Off-balance Sheet Instruments
The Minerals Group utilizes off-balance sheet financial instruments, as discussed below, to hedge foreign currency and other market exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting he counterparties to major financial institutions. The Company does not expect any losses due to such counterparty default.

Gold contracts--In order to protect itself against downward movements in gold prices, the Minerals Group hedges a portion of its recoverable proven and probable reserves primarily through forward sales contracts. At December 31, 1996, 37,808 ounces of gold, representing approximately 14% of the Minerals Group's recoverable proven and probable reserves, were sold forward under forward sales contracts that mature periodically through early-1998. Because only a portion of its future production is currently sold forward, the Minerals Group can take advantage of increases, if any, in the spot price of gold. At December 31, 1996, the fair value of the Minerals Group's forward sales contracts amounted to $3.2 million.

Interest rate contracts--In 1994, the Company entered into a standard three year variable to fixed interest rate swap agreement on a portion of the Company's U.S. dollar term loan. This agreement fixed the Company's interest rate at 5% on initial borrowings of $40.0 million in principal. The principal amount to which the 5% interest rate applies declines periodically throughout the term of the agreement, and at December 31, 1996, this rate applied to borrowings of $5.0 million in principal. During 1995, the Company entered into two other variable to fixed interest rate swap agreements. One agreement fixes the Company's interest rate at 5.80% on $20.0 million in principal for a term of three years. The other agreement fixes the Company's interest rate at 5.66% for a term of 21 months on $20.0 million in principal. During 1996, the Company entered into a variable to fixed interest rate swap agreement which fixes the Company's interest rate at 4.9% on initial borrowings of $5.0 million in principal. The principal amount increases by $5.0 million each quarter through the first quarter of 1998. The principal amount to which the 4.9% interest rate applied as of December 31, 1996 was $15.0 million. All of these agreements have been attributed to the Minerals Group.

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

Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.9 million and $17.0 million over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the cleanup will be conducted. The cleanup estimates have been modified from prior years' in light of cost inflation. 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, unforseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995 the District Court ruled on various Motions for Summary Judgment. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. The Company appealed the District Court's decision to the Third Circuit. However, management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs ultimately will be probable of realization. Accordingly, it is the Company's belief that, based on estimates of potential liability and probable realization of insurance recoveries, the Company would be liable for approximately $1.4 million based on the Court's decision and related developments of New Jersey law.

Capitalization

On January 18, 1996, the shareholders of the Company approved the Brink's Stock Proposal, resulting in the modification of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Pittston Services Group Common Stock ("Services Stock") were redesignated as Pittston Brink's Group Common Stock ("Brink's Stock") on a share-for-share basis, and a new class of common stock, designated as Pittston Burlington Group Common Stock ("Burlington Stock"), was distributed on the basis of one-half share of Burlington Stock for each share of Services Stock previously held by shareholders of record on January 19, 1996.

Brink's Stock, Burlington Stock and Minerals Stock are designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, the Burlington Group and the Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Company prepares separate financial statements for the Brink's, Burlington and Minerals Groups in addition to consolidated financial information of the Company.

The redesignation of the Company's common stock as Brink's Stock and the distribution of Burlington Stock as a result of the approval of the Brink's Stock Proposal did not result in any transfer of assets or liabilities of the Company or any of its subsidiaries. Holders of all three classes of stock are shareholders of the Company, which continues to be responsible for all liabilities. Therefore, financial developments affecting the Brink's Group, the Burlington Group or the Minerals Group that affect the Company's financial condition could affect the results of operations and financial condition of all three Groups. The changes in the capital structure of the Company had no effect on the Company's total capital, except as to expenses incurred in the execution of the Brink's Stock Proposal. Since the approval of the Brink's Stock Proposal, capitalization of the Company has been affected by the share activity related to each of the classes of common stock.

In November 1995, the Board authorized a revised share repurchase program which allows for the purchase, from time to time, of up to 1,500,000 shares of Brink's Stock, 1,500,000 shares of Burlington Stock and 1,000,000 shares of Minerals Stock, not to exceed an aggregate purchase price of $45.0 million; such shares to be purchased from time to time in the open market or in private transactions, as conditions warrant. Prior to the revised program of 117,300 shares of Minerals Stock were repurchased at an aggregate cost of $1.7 million, of which 78,800 shares were repurchased in 1995 at an aggregate cost of $0.9 million. No additional repurchases of Minerals Stock were made during the remainder of 1995 subsequent to the implementation of the revised program. No shares were purchased during 1996. The program to acquire shares remains in effect in 1997.

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January, 1994 the Company issued $80.5 million (161,000 shares) of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"), convertible into Minerals Stock. The Convertible Preferred Stock, which is attributable to the Minerals Group, pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board bears a liquidation preference of $500 per share, plus an attributed amount equal to accrued and unpaid dividends thereon.

In 1994, the Board authorized the repurchase, from time to time, of up to $15 million of the Convertible Preferred Stock. Subsequent to this authorization and through October 1995, 24,720 shares at a total cost of $9.6 million had been repurchased, of which 16,370 shares at a cost of $6.3 million were repurchased in 1995. In November 1995, the Board authorized an increase in the remaining repurchase authority to $15 million. No additional share repurchases were made during the remainder of 1995 subsequent to the increased authorization. In 1996, 20,920 shares at a cost of $7.9 million were repurchased. The program to acquire shares remains in effect in 1997, and in February 1997, the Board authorized an increase in the remaining repurchase authority to $15 million.

Dividends

The Board intends to declare and pay dividends on Minerals Stock based on the earnings, financial condition, cash flow and business requirements of the Minerals Group. Since the Company remains subject to Virginia law limitations on dividends and to dividend restrictions in its public debt and bank credit agreements, losses incurred by the Brink's and Burlington Groups could affect the Company's ability to pay dividends in respect of stock relating to the Minerals Group. Dividends on Minerals Stock are also limited by the Available Minerals Dividend Amount as defined in the Company's Articles of Incorporation. At December 31, 1996, the Available Minerals Dividend Amount was at least $22.1 million.

During 1996 and 1995, the Board declared and the Company paid dividends of 65 cents per share of Minerals Stock. In 1996 and 1995, dividends paid on the cumulative convertible preferred stock were $3.8 million and $4.3 million, respectively. Preferred dividends included on the Minerals Group's Statements of Operations for the years ended December 31, 1996 and 1995 are net of $2.1 million and $1.6 million, respectively, which was the excess of the carrying amount of the preferred stock over the cash paid to holders of the stock for repurchases made during each year.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Pittston Company and Subsidiaries

STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The Pittston Company (the "Company") is responsible for preparing the accompanying consolidated financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles. Management has also prepared the other information in the annual report and is responsible for its accuracy.

In meeting our responsibility for the integrity of the consolidated financial statements, we maintain a system of internal controls designed to provide reasonable assurance that assets are safe guarded, that transactions are executed in accordance with management's authorization and that the accounting records provide a reliable basis for the preparation of the financial statements. Qualified personnel throughout the organization maintain and monitor these internal controls on an ongoing basis. In addition, the Company maintains an internal audit department that systematically reviews and reports on the adequacy and effectiveness of the controls, with management follow-up as appropriate.

Management has also established a formal Business Code of Ethics which is distributed throughout the Company. We acknowledge our responsibility to establish and preserve an environment in which all employees properly understand the fundamental importance of high ethical standards in the conduct of our business.

The Company's consolidated financial statements have been audited by KPMG Peat Marwick LLP, independent auditors. During the audit they review and make appropriate tests of accounting records and internal controls to the extent they consider necessary to express an opinion on the Company's consolidated financial statements.

The Company's Board of Directors pursues its oversight role with respect to the Company's consolidated financial statements through the Audit and Ethics Committee, which is composed solely of outside directors. The Committee meets periodically with the independent auditors, internal auditors and management to review the Company's control system and to ensure compliance with applicable laws and the Company's Business Code of Ethics.

We believe that the policies and procedures described above are appropriate and effective and do enable us to meet our responsibility for the integrity of the Company's consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying consolidated balance sheets of The Pittston Company and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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, 1996 and 1995, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1996, in conformity with generally accepted accounting principles.

As more fully discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for impairment of long-lived assets in 1996.

KPMG PEAT MARWICK LLP

KPMG Peat Marwick LLP
Stamford, Connecticut

January 23, 1997

The Pittston Company and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share amounts)	December 31 1996	1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 41,217	52,823
Short-term investments	1,856	29,334
Accounts receivable:		
Trade (Note 3)	439,642	397,043
Other	32,609	40,278
	472,251	437,321
Less estimated amount uncollectible	16,116	16,075
	456,135	421,246
Coal inventory	26,495	37,329
Other inventory	10,632	9,070
	37,127	46,399
Prepaid expenses	32,798	31,556
Deferred income taxes (Note 6)	49,557	55,335
Total current assets	618,690	636,693
Property, plant and equipment, at cost (Notes 1 and 4)	998,607	923,514
Less accumulated depreciation, depletion and amortization	457,756	437,346
	540,851	486,168
Intangibles, net of amortization (Notes 1, 5 and 10)	317,062	327,183
Deferred pension assets (Note 13)	124,241	123,743
Deferred income taxes (Note 6)	58,690	72,343
Other assets	153,345	161,242
Total assets	$ 1,812,879	1,807,372
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 31,669	37,063
Current maturities of long-term debt (Note 7)	5,450	7,280
Accounts payable	251,572	263,444
Accrued liabilities:		
Taxes	37,774	44,050
Workers' compensation and other claims	33,557	42,010
Payroll and vacation	39,160	34,844
Miscellaneous (Note 13)	169,785	165,797
	280,276	286,701
Total current liabilities	568,967	594,488
Long-term debt, less current maturities (Note 7)	158,837	133,283
Postretirement benefits other than pensions (Note 13)	226,697	219,895
Workers' compensation and other claims	116,893	125,894
Deferred income taxes (Note 6)	15,075	17,213
Other liabilities	119,703	194,620
Commitments and contingent liabilities (Notes 7, 11, 12, 13, 17 and 18)		
Shareholders' equity (Notes 8 and 9):		
Preferred stock, par value $10 per share, Authorized: 2,000,000 shares $31.25 Series C Cumulative Preferred Stock, Issued: 1996--115,360 shares; 1995--136,280 shares	1,154	1,362
Pittston Brink's Group common stock, par value $1 per share: Authorized: 100,000,000 shares Issued: 1996--41,295,743 shares; 1995--41,573,743 shares	41,296	41,574
Pittston Burlington Group common stock, par value $1 per share: Authorized: 50,000,000 shares Issued: 1996--20,711,272; 1995--20,786,872	20,711	20,787
Pittston Minerals Group common stock, par value $1 per share: Authorized: 20,000,000 shares Issued: 1996--8,405,908 shares; 1995--8,405,908 shares	8,406	8,406
Capital in excess of par value	400,135	401,633
Retained earnings	273,118	188,728
Equity adjustment from foreign currency translation	(21,188)	(20,705)
Employee benefits trust, at market value (Note 9)	(116,925)	(119,806)
Total shareholders' equity	606,707	521,979
Total liabilities and shareholders' equity	$ 1,812,879	1,807,372

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 1996	1995	1994
Net sales	$ 696,513	722,851	794,998
Operating revenues	2,410,131	2,203,216	1,872,277
Net sales and operating revenues	3,106,644	2,926,067	2,667,275
Costs and expenses:			
Cost of sales	707,497	696,295	771,586
Operating expenses	2,004,598	1,845,404	1,542,080
Selling, general and administrative expenses	292,718	263,365	244,330
Restructuring and other (credits) charges, including litigation accrual (Notes 14 and 17)	(47,299)	--	90,806
Total costs and expenses	2,957,514	2,805,064	2,648,802
Other operating income, net (Note 15)	17,377	26,496	24,400
Operating profit	166,507	147,499	42,873
Interest income	3,487	3,395	2,513
Interest expense	(14,074)	(14,253)	(11,489)
Other expense, net	(9,224)	(6,305)	(5,572)
Income before income taxes	146,696	130,336	28,325
Provision for income taxes (Note 6)	42,542	32,364	1,428
Net income	104,154	97,972	26,897
Preferred stock dividends, net (Note 9)	(1,675)	(2,762)	(3,998)
Net income attributed to common shares	$ 102,479	95,210	22,899
Pittston Brink's Group (Note 1):			
Net income attributed to common shares	$ 59,695	51,093	41,489
Net income per common share	$ 1.56	1.35	1.10
Average common shares outstanding	38,200	37,931	37,784
Pittston Burlington Group (Note 1):			
Net income attributed to common shares	$ 33,801	32,855	38,356
Net income per common share	$ 1.76	1.73	2.03
Average common shares outstanding	19,223	18,966	18,892
Pittston Minerals Group (Note 1):			
Net income (loss) attributed to common shares	$ 8,983	11,262	(56,946)
Net income (loss) per common share:			
Primary	$ 1.14	1.45	(7.50)
Fully diluted	1.08	1.40	(7.50)
Average common shares outstanding:			
Primary	7,897	7,786	7,594
Fully diluted	9,906	9,999	10,000

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years Ended December 31, 1996, 1995 and 1994

(In thousands, except per share amounts)	$31.25 Series C Cumulative Preferred Stock	Pittston Brink's Group Common Stock (Note 1)	Pittston Burlington Group Common Stock (Note 1)	Pittston Minerals Group Common Stock (Note 1)	Capital in Excess of Par Value (Note 1)	Retained Earnings
Balance at December 31, 1993	$ --	41,429	20,715	8,281	334,196	98,290
Net income	--	--	--	--	--	26,897
Issuance of $31.25 Series C Cumulative Preferred Stock, net of cash expenses (Note 9)	1,610	--	--	--	75,472	--
Stock options exercised (Note 8)	--	422	211	129	6,570	--
Tax benefit of stock options exercised (Note 6)	--	--	--	--	2,936	--
Foreign currency translation adjustment	--	--	--	--	--	--
Remeasurement of employee benefits trust	--	--	--	--	(10,449)	--
Shares released from employee benefits trust to employee benefit plan (Note 9)	--	--	--	--	(309)	--
Retirement of stock under share repurchase programs (Note 9)	(84)	(256)	(128)	(20)	(8,749)	(718)
Other	--	--	--	--	5	--
Cash dividends declared--Pittston Brink's Group $.09 per share, Pittston Burlington Group $.22 per share and Pittston Minerals Group $.65 per share and Series C Preferred Stock $27.09 per share (Note 9)	--	--	--	--	--	(16,730)
Balance at December 31, 1994	1,526	41,595	20,798	8,390	399,672	107,739
Net income	--	--	--	--	--	97,972
Stock options exercised (Note 8)	--	125	62	95	2,581	--
Tax benefit of stock options exercised (Note 6)	--	--	--	--	720	--
Foreign currency translation adjustment	--	--	--	--	--	--
Remeasurement of employee benefits trust	--	--	--	--	9,947	--
Shares released from employee benefits trust to employee benefit plan (Note 9)	--	--	--	--	(993)	--
Retirement of stock under share repurchase programs (Note 9)	(164)	(146)	(73)	(79)	(10,294)	148
Cash dividends declared--Pittston Brink's Group $.09 per share, Pittston Burlington Group $.22 per share and Pittston Minerals Group $.65 per share and Series C Preferred Stock $31.25 per share (Note 9)	--	--	--	--	--	(17,131)
Balance at December 31, 1995	1,362	41,574	20,787	8,406	401,633	188,728
Net income	--	--	--	--	--	104,154
Tax benefit of stock options exercised (Note 6)	--	--	--	--	1,734	--
Cost of Brink's Stock Proposal (Note 9)	--	--	--	--	(2,475)	--
Foreign currency translation adjustment	--	--	--	--	--	--
Remeasurement of employee benefits trust	--	--	--	--	20,481	--
Shares released from employee benefits trust (Notes 8 and 9)	--	--	--	--	(7,659)	--
Retirement of stock under share repurchase programs (Note 9)	(208)	(278)	(76)	--	(13,579)	(2,096)
Cash dividends declared--Pittston Brink's Group $.10 per share, Pittston Burlington Group $.24 per share, Pittston Minerals Group $.65 per share and Series C Preferred Stock $31.25 per share (Note 9)	--	--	--	--	--	(17,668)
Balance at December 31, 1996	$ 1,154	41,296	20,711	8,406	400,135	273,118

(In thousands, except per share amounts)	Equity Adjustment from Foreign Currency Translation	Employee Benefits Trust
Balance at December 31, 1993	(18,381)	(131,018)
Net income	--	--
Issuance of $31.25 Series C Cumulative Preferred Stock, net of cash expenses (Note 9)	--	--
Stock options exercised (Note 8)	--	--
Tax benefit of stock options exercised (Note 6)	--	--
Foreign currency translation adjustment	4,105	--
Remeasurement of employee benefits trust	--	10,449
Shares released from employee benefits trust to employee benefit plan (Note 9)	--	2,940
Retirement of stock under share repurchase programs (Note 9)	--	--
Other	--	--

Cash dividends declared--Pittston Brink's Group $.09 per share, Pittston Burlington Group $.22 per share and Pittston Minerals Group $.65 per share and Series C Preferred Stock $27.09 per share (Note 9)	--	--
Balance at December 31, 1994	(14,276)	(117,629)
Net income	--	--
Stock options exercised (Note 8)	--	--
Tax benefit of stock options exercised (Note 6)	--	--
Foreign currency translation adjustment	(6,429)	--
Remeasurement of employee benefits trust	--	(9,947)
Shares released from employee benefits trust to employee benefit plan (Note 9)	--	7,770
Retirement of stock under share repurchase programs (Note 9)	--	--
Cash dividends declared--Pittston Brink's Group $.09 per share, Pittston Burlington Group $.22 per share and Pittston Minerals Group $.65 per share and Series C Preferred Stock $31.25 per share (Note 9)	--	--
Balance at December 31, 1995	(20,705)	(119,806)
Net income	--	--
Tax benefit of stock options exercised (Note 6)	--	--
Cost of Brink's Stock Proposal (Note 9)	--	--
Foreign currency translation adjustment	(483)	--
Remeasurement of employee benefits trust	--	(20,481)
Shares released from employee benefits trust (Notes 8 and 9)	--	23,362
Retirement of stock under share repurchase programs (Note 9)	--	--
Cash dividends declared--Pittston Brink's Group $.10 per share, Pittston Burlington Group $.24 per share, Pittston Minerals Group $.65 per share and Series C Preferred Stock $31.25 per share (Note 9)	--	--
Balance at December 31, 1996	(21,188)	(116,925)

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31 1996	1995	1994
Cash flows from operating activities:			
Net income	$ 104,154	97,972	26,897
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash charges and other write-offs	29,948	--	46,793
Depreciation, depletion and amortization	114,618	106,369	101,856
Provision for aircraft heavy maintenance	32,057	26,317	26,598
Provision (credit) for deferred income taxes	19,320	11,115	(17,777)
Provision (credit) for pensions, noncurrent	935	(3,762)	(1,128)
Provision for uncollectible accounts receivable	7,687	5,762	4,532
Equity in earnings of unconsolidated affiliates, net of dividends received	(2,183)	2,306	(1,432)
Gain on sale of property, plant and equipment	(1,470)	(5,162)	(3,569)
Other operating, net	10,003	4,916	3,491
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	(45,991)	(38,628)	(85,734)
Decrease (increase) in inventories	9,271	(12,026)	(4,184)
Increase in prepaid expenses	(1,869)	(2,157)	(2,849)
(Decrease) increase in accounts payable and accrued liabilities	(8,879)	3,111	69,033
(Increase) decrease in other assets	(7,907)	326	991
(Decrease) increase in workers' compensation and other claims, noncurrent	(9,002)	(15,212)	6,605
Decrease in other liabilities	(53,522)	(22,458)	(15,283)
Other, net	(499)	(2,254)	(178)
Net cash provided by operating activities	196,671	156,535	154,662
Cash flows from investing activities:			
Additions to property, plant and equipment	(180,651)	(124,465)	(106,312)
Proceeds from disposal of property, plant and equipment	11,310	22,539	7,622
Aircraft heavy maintenance expenditures	(23,373)	(22,356)	(15,333)
Acquisitions, net of cash acquired, and related contingency payments	(4,078)	(3,372)	(163,262)
Other, net	5,181	1,182	5,431
Net cash used by investing activities	(191,611)	(126,472)	(271,854)
Cash flows from financing activities:			
Additions to debt	28,642	29,866	117,332
Reductions of debt	(14,642)	(25,891)	(48,257)
Repurchase of stock of the Company	(16,237)	(10,608)	(9,955)
Proceeds from exercise of stock options and employee stock purchase plan	5,487	4,261	7,332
Dividends paid	(17,441)	(17,186)	(16,709)
Costs of stock proposals	(2,475)	--	(4)
Preferred stock issuance, net of cash expenses	--	--	77,359
Net cash (used) provided by financing activities	(16,666)	(19,558)	127,098
Net (decrease) increase in cash and cash equivalents	(11,606)	10,505	9,906
Cash and cash equivalents at beginning of year	52,823	42,318	32,412
Cash and cash equivalents at end of year	$ 41,217	52,823	42,318

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

On January 18, 1996, the shareholders of The Pittston Company (the "Company") approved the Brink's Stock Proposal, as described in the Company's Proxy Statement dated December 15, 1995, resulting in the modification, effective as of January 19, 1996, of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Pittston Services Group Common Stock, par value $1.00 per share ("Services Stock") were redesignated as Pittston Brink's Group Common Stock, par value $1.00 per share ("Brink's Stock") on a share-for-share basis, and a new class of common stock, designated as Pittston Burlington Group Common Stock, par value $1.00 per share ("Burlington Stock") was distributed on the basis of one-half of one share for each outstanding share of Services Stock. Holders of Pittston Minerals Group Common Stock, par value $1.00 per share, ("Minerals Stock") continue to be holders of such stock, which continues to reflect the performance of the Pittston Minerals Group (the "Minerals Group"). Brink's Stock is intended to reflect the performance of the Pittston Brink's Group (the "Brink's Group") and Burlington Stock is intended to reflect the performance of the Pittston Burlington Group (the "Burlington Group").

The Pittston Brink's Group consists of the Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of the Company. The Pittston Burlington Group consists of the Burlington Air Express Inc. ("Burlington") operations of the Company. The Pittston Minerals Group consists of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company. The approval of the Brink's Stock Proposal did not result in any transfer of assets or liabilities of the Company or any of its subsidiaries. The Company prepares separate financial statements for the Minerals, Brink's and Burlington Groups in addition to consolidated financial information of the Company.

Principles of Consolidation

The accompanying consolidated financial statements reflect the accounts of the Company and its majority-owned subsidiaries. The Company's interests in 20% to 50% owned companies are carried on the equity method. 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 primarily include funds set aside by the Company for certain obligations and are carried at cost which approximates market. These investments have original maturities in excess of three months and not exceeding one year.

Inventories

Inventories are stated at cost (determined under the first-in, first-out or average cost method) or market, whichever is lower.

Property, Plant and Equipment

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight-line method at varying rates depending upon estimated useful lives. Depletion of bituminous coal lands is provided on the basis of tonnage mined in relation to the estimated total of recoverable tonnage in the ground.

Mine development costs, primarily included in bituminous coal lands, are capitalized and amortized over the estimated useful life of the mine. These costs include expenses incurred for site preparation and development as well as operating deficits incurred at the mines during a development stage. A mine is considered under development until all planned production units have been placed in operation.

Valuation of coal properties is based primarily on mining plans and conditions assumed at the time of the evaluation. These valuations could be impacted by actual economic conditions which differ from those assumed at the time of the evaluation.

Subscriber installation costs for home security systems provided by BHS are capitalized and depreciated over the estimated life of the assets and are included in machinery and equipment. The security system that is installed remains the property of BHS and is capitalized at the cost to bring the revenue producing asset to its intended use. When an installation is identified for disconnection, the remaining net book value of the installation is fully written-off and charged to depreciation expense.

Intangibles
The excess of cost over fair value of net assets of businesses acquired is amortized on a straight-line basis over the estimated periods benefited.

The Company evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of asset value or useful lives. The Company annually assesses the recoverability of the excess of cost over net assets acquired by determining whether the amortization of the asset balance over its remaining life can be recovered through projected undiscounted future operating cash flows. Evaluation of asset value as well as periods of amortization are performed on a disaggregated basis at each of the Company's operating units.

Goodwill allocated to a potentially impaired asset will be identified with that asset in performing an impairment test in accordance with SFAS No. 121. If such tests indicate that an impairment exists, the carrying amount of the identified goodwill would be eliminated before making any reduction of the carrying amounts of impaired long-lived assets.

Coal Supply Contracts
Coal supply contracts consist of contracts to supply coal to customers at certain negotiated prices over a period of time, which have been acquired from other coal companies, and are stated at cost at the time of acquisition, which approximates fair market value. The capitalized cost of such contracts is amortized over the term of the contract on the basis of tons of coal sold under the contract.

Income Taxes
Income taxes are accounted for in accordance with Statement of Financial Accounting Standards 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 the differences are expected to reverse.

Pneumoconiosis (Black Lung) Expense
The Company acts as self-insurer with respect to almost all black lung benefits. Provision is made for estimated benefits based on annual actuarial reports prepared by outside actuaries. The excess of the present value of expected future benefits over the accumulated book reserves is recognized over the amortization period as a level percentage of payroll. Cumulative actuarial gains or losses are calculated periodically and amortized on a straight-line basis. Assumptions used in the calculation of the actuarial present value of black lung benefits are based on actual retirement experience of the Company's coal employees, black lung claims incidence for active miners, actual dependent information, industry turnover rates, actual medical and legal cost experience and projected inflation rates. As of December 31, 1996 and 1995, the actuarially determined value of estimated future black lung benefits discounted at 6% was approximately $57,000 and $60,400, respectively, and is included in workers' compensation and other claims. Based on actuarial data, the amount (credited) charged to operations was ($2,216) in 1996, ($1,402) in 1995 and $201 in 1994. In addition, the Company accrued additional expenses for black lung benefits related to federal and state assessments, legal and administration expenses and other self insurance costs. These costs and expenses amounted to $1,849 in 1996, $2,569 in 1995 and $2,472 in 1994.

Reclamation Costs
Expenditures relating to environmental regulatory requirements and reclamation costs undertaken during mine operations are charged against earnings as incurred. Estimated site restoration and post closure reclamation costs are charged against earnings using the units of production method over the expected economic life of each mine. Accrued reclamation costs are subject to review by management on a regular basis and are revised when appropriate for changes in future estimated costs and/or regulatory requirements.

Postretirement Benefits Other Than Pensions
Postretirement benefits other than pensions are accounted for in accordance with Statement of Financial Accounting Standards 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.

Foreign Currency Translation
Assets and liabilities of foreign subsidiaries have been translated at current exchange rates, 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 several foreign countries, each with a local currency other than the U.S. dollar. Because the financial results of the Company are reported in U.S. dollars, they are affected by the changes in the value of various foreign currencies in relation to the U.S. dollar. However, the Company's international activity is not concentrated in any single currency, which reduces the risks of foreign currency rate fluctuations.

Financial Instruments
The Company uses foreign currency forward contracts to hedge the risk of changes in foreign currency rates associated with certain transactions denominated in various currencies. Realized and unrealized gains and losses on these contracts, designated and effective as hedges, are deferred and recognized as part of the specific transaction hedged.

The Company also utilizes other financial instruments to protect against adverse price movements in gold, which the Company produces, and jet fuel products, which the Company consumes as well as interest rate changes on certain variable rate obligations. Gains and losses on these contracts, designated and effective as hedges, are deferred and recognized as part of the transaction hedged.

Revenue Recognition
Coal Operations--Coal sales are generally recognized when coal is loaded onto transportation vehicles for shipment to customers. For domestic sales, this generally occurs when coal is loaded onto railcars at mine locations. For export sales, this generally occurs when coal is loaded onto marine vessels at terminal facilities.

Mineral Ventures--Gold sales are recognized when products are shipped to a refinery. Settlement adjustments arising from final determination of weights and assays are reflected in sales when received.

Burlington--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. Financial statements resulting from existing recognition policies do not materially differ from the allocation of revenue between reporting periods based on relative transit times in each reporting period with expenses recognized as incurred.

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. Installation fee revenues are recognized to the extent of direct selling costs incurred and expensed. Installation fee revenues in excess of direct selling costs are deferred and recognized as income on a straight-line basis over ten years.

Net Income Per Common Share
Net income per common share for Brink's Stock and Burlington Stock is computed by dividing the net income for each Group by the weighted-average number of shares outstanding during the period. The potential dilution from the exercise of stock options is not material.

The computation of primary earnings per share for Minerals Stock is based on the weighted-average number of outstanding common shares divided into net income for the Minerals Group less preferred stock dividends. The computation of fully diluted earnings per common share for Minerals Stock assumes the conversion of the $31.25 Series C Cumulative Preferred Stock (issued in 1994) and additional shares assuming the exercise of stock options (antidilutive in the primary calculation) divided into net income for the Minerals Group. For 1994, the loss per share, assuming full dilution, is considered to be the same as primary since the effect of common stock equivalents and the preferred stock conversion would be antidilutive.

The shares of Brink's Stock, Burlington Stock and Minerals Stock held in The Pittston Company Employee Benefits Trust (Note 9) are not included in the net income per share calculations as they were evaluated for inclusion in those calculations under the treasury stock method and had no dilutive effect.

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
In 1996, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 requires companies to review assets for impairment whenever circumstances indicate that the

carrying amount of an asset may not be recoverable. SFAS No. 121 resulted in a pretax charge to earnings in 1996 for the Company's Coal Operations of $29,948 ($19,466 after-tax), of which $26,312 was included in cost of sales and $3,636 was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advanced royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment.

In 1996, the Company also adopted SFAS No. 123, "Accounting for Stock Based Compensation". SFAS No. 123 establishes financial accounting and reporting standards for stock-based employee compensation plans. SFAS No. 123 allows for the adoption of a fair value based method of accounting for all employee stock compensation plans or it allows entities to continue to measure compensation cost for those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees". APB No. 25 requires the disclosure of net income and net income per share as if the fair value based method of accounting is applied. The Company has elected to continue to account for its stock compensation plans according to APB No. 25 with the disclosure of the impact on net income and net income per share as if the fair value based method of accounting is applied (Note 8).

2. FINANCIAL INSTRUMENTS

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 qualified 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.

The following details the fair values of financial instruments for which it is practicable to estimate the value:

Cash and cash equivalents and short-term investments
The carrying amounts approximate fair value because of the short maturity of these instruments.

Accounts receivable, accounts payable and accrued liabilities The carrying amounts approximate fair value because of the short-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.

Off-balance sheet instruments
The Company enters into various off-balance sheet financial instruments, as discussed below, to hedge its foreign currency and other market exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. The Company does not expect any losses due to such counterparty default.

Foreign currency forward contracts--The Company enters into foreign currency forward contracts with a duration of up to 360 days as a hedge against liabilities denominated in various currencies. These contracts do not subject the Company to risk due to exchange rate movements because gains and losses on these contracts offset losses and gains on the liabilities being hedged. At December 31, 1996, the total notional value of foreign currency forward contracts outstanding was $1,052 and the fair value was not significant.

Gold contracts--In order to protect itself against downward movements in gold prices, the Company hedges a portion of its recoverable proven and probable reserves primarily through forward sales contracts. At December 31, 1996, 37,808 ounces of gold, representing approximately 14% of the Company's recoverable proved and probable reserves, were sold forward under forward sales contracts that mature periodically through early-1998. Because only a portion of its future production is currently sold forward, the Company can take advantage of increases, if any, in the spot price of gold. At December 31, 1996, the fair value of the Company's forward sales contracts amounted to $3,233.

Fuel contracts--The Company has hedged a portion of its jet fuel requirements through several commodity option transactions that are intended to protect against significant increases in jet fuel prices. At December 31, 1996, these transactions aggregated 18.0 million gallons and are applicable throughout the first half of 1997. The fair value of these fuel hedge transactions may fluctuate over the course of the contract period due to changes in the supply and demand for oil and refined

products. Thus, the economic gain or loss, if any, upon settlement of the contracts may differ from the fair value of the contracts at an interim date. At December 31, 1996, the fair value of these contracts was not significant.

Interest rate contracts--In connection with the aircraft leasing by Burlington, the Company has entered into an interest rate swap agreement. This variable to fixed interest rate swap agreement has a notional value of $30,000 that fixes the Company's interest rate at 7.05% through January 2, 1998. Given the decline in the base variable rate subsequent to when the agreement was entered into, the cost to the Company to terminate the agreement, would have been $575 at December 31, 1996.

As further discussed in Note 7, in 1994, 1995 and 1996, the Company entered into variable to fixed interest rate swap agreements. At December 31, 1996, the fair value of these contracts was not significant.

3. ACCOUNTS RECEIVABLE--TRADE

For each of the years in the three-year period ended December 31, 1996, the Company maintained agreements with financial institutions whereby it had the right to sell certain coal receivables to those institutions. Certain agreements contained provisions for sales with recourse. In 1996 and 1995, total coal receivables of $15,390 and $25,092, respectively, were sold under such agreements. As of December 31, 1996 and 1995, receivables sold which remained to be collected totaled $5,183 and $5,222, respectively.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consists of the following:

	As of December 31	
	1996	1995
Bituminous coal lands	$101,988	109,400
Land, other than coal lands	31,190	27,605
Buildings	120,318	98,441
Machinery and equipment	745,111	688,068
Total	$998,607	923,514

The estimated useful lives for property, plant and equipment are as follows:

	Years
Buildings	10 to 50
Machinery and equipment	2 to 30

Depreciation and depletion of property, plant and equipment aggregated $92,805 in 1996, $81,465 in 1995 and $74,270 in 1994.

Capitalized mine development costs totaled $8,144 in 1996, $10,118 in 1995 and $11,908 in 1994.

Changes in capitalized subscriber installation costs for home security systems included in machinery and equipment were as follows:

	Years Ended December 31		
	1996	1995	1994
Capitalized subscriber installation costs--beginning of year	$ 105,336	81,445	65,785
Capitalized cost of security system installations	57,194	44,488	32,309
Depreciation, including amounts recognized to fully depreciate capitalized costs for installations disconnected during the year	(27,680)	(20,597)	(16,649)
Capitalized subscriber installation costs--end of year	$ 134,850	105,336	81,445

New subscribers were approximately 98,500 in 1996, 82,600 in 1995 and 75,200 in 1994.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security system installations. This change in accounting principle is preferable because it more accurately reflects subscriber installation costs. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel (in the amount of $2,517 in 1996, $2,712 in 1995 and $2,645 in 1994) and costs incurred for maintaining facilities and vehicles dedicated to the installation process (in the amount of $2,022 in 1996, $1,813 in 1995 and $1,492 in 1994). The effect of this change in accounting principle was to increase operating profit of the Brink's Group in 1996, 1995 and 1994 by $4,539, $4,525 and $4,137, respectively, and net income of the Brink's

Group in 1996, 1995 and 1994 by $2,723, $2,720 and $2,486, respectively, or by $0.07 per share in 1996, 1995 and 1994. Prior to January 1, 1992, the records needed to identify such costs were not available. Thus, it was impossible to accurately calculate the effect on retained earnings as of January 1, 1992. However, the Company believes the effect on retained earnings as of January 1, 1992, was immaterial.

Because capitalized subscriber installation costs for prior periods were not adjusted for the change in accounting principle, installation costs for subscribers in those years will continue to be depreciated based on the lesser amounts capitalized in prior periods. Consequently, depreciation of capitalized subscriber installation costs in the current year and until such capitalized costs prior to January 1, 1992 are fully depreciated will be less than if such prior periods' capitalized costs had been adjusted for the change in accounting. However, the Company believes the effect on net income in 1996, 1995 and 1994 was immaterial.

5. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $96,994 at December 31, 1996 and $86,420 at December 31, 1995. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $10,560 in 1996, $10,352 in 1995 and $9,686 in 1994.

6. INCOME TAXES

The provision (credit) for income taxes consists of the following:

	U.S. Federal	Foreign	State	Total
1996:				
Current	$ 7,721	11,201	4,300	23,222
Deferred	22,878	(3,731)	173	19,320
Total	$ 30,599	7,470	4,473	42,542
1995:				
Current	$ 10,717	6,039	4,493	21,249
Deferred	13,797	(1,866)	(816)	11,115
Total	$ 24,514	4,173	3,677	32,364
1994:				
Current	$ 7,563	5,956	5,686	19,205
Deferred	(20,238)	2,696	(235)	(17,777)
Total	$(12,675)	8,652	5,451	1,428

The significant components of the deferred tax expense (benefit) were as follows:

	Years Ended December 31 1996	1995	1994
Deferred tax expense (benefit),exclusive of the components listed below	$ 19,171	16,376	(16,869)
Net operating loss carryforwards	(5,065)	(2,911)	(393)
Alternative minimum tax credits	4,200	(2,603)	1,147
Change in the valuation allowance for deferred tax assets	1,014	253	(1,662)
Total	$ 19,320	11,115	(17,777)

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, 1996 and December 31, 1995 were as follows:

	1996	1995
Deferred tax assets:		
Accounts receivable	$ 5,305	5,344
Postretirement benefits other than pensions	100,444	95,777
Workers' compensation and other claims	53,760	56,694
Other liabilities and reserves	81,413	104,226
Miscellaneous	11,358	11,162
Net operating loss carryforwards	16,668	11,603
Alternative minimum tax credits	30,325	33,793
Valuation allowance	(9,460)	(8,446)
Total deferred tax assets	289,813	310,153
Deferred tax liabilities:		
Property, plant and equipment	50,968	52,598

Pension assets	49,273	48,669
Other assets	14,679	12,934
Investments in foreign affiliates	10,090	11,478
Miscellaneous	71,631	74,009
Total deferred tax liabilities	196,641	199,688
Net deferred tax asset	$ 93,172	110,465

The valuation allowance relates to deferred tax assets in certain foreign and state jurisdictions.

Based on the Company's historical and expected taxable earnings, management believes it is more likely than not that the Company will realize the benefit of the existing deferred tax asset at December 31, 1996.

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory U.S. federal income tax rate of 35% in 1996, 1995 and 1994 to the income (loss) before income taxes.

	Years Ended December 31		
	1996	1995	1994
Income (loss) before income taxes:			
United States	$ 101,463	97,989	(16,517)
Foreign	45,233	32,347	44,842
Total	$ 146,696	130,336	28,325
Tax provision computed at statutory rate	$ 51,344	45,618	9,914
Increases (reductions) in taxes due to:			
Percentage depletion	(7,644)	(9,861)	(9,313)
State income taxes (net of federal tax benefit)	1,894	1,664	5,043
Goodwill amortization	2,404	2,825	2,437
Difference between total taxes on foreign income and the U.S. federal statutory rate	(6,384)	(6,261)	(6,111)
Change in the valuation allowance for deferred tax assets	1,014	253	(1,662)
Miscellaneous	(86)	(1,874)	1,120
Actual tax provision	$ 42,542	32,364	1,428

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, 1996 and December 31, 1995 the unrecognized deferred tax liability for temporary differences of approximately $40,417 and $38,871, 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 $14,146 and $13,605, respectively.

The Company and its domestic subsidiaries file a consolidated U.S. federal income tax return.

As of December 31, 1996, the Company had $30,325 of alternative minimum tax credits available to offset future U.S. 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 at December 31, 1996 was $16,668 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

7. LONG-TERM DEBT

Total long-term debt consists of the following:

	As of December 31	
	1996	1995
Senior obligations:		
U.S. dollar term loan due 2001 (year-end rate 5.97% in 1996 and 6.56% in 1995)	$100,000	100,000
Revolving credit notes due 2001 (year-end rate 7.01% in 1996)	23,200	--
U.S. dollar term loan due 1996 (year-end rate 6.44% in 1995)	--	1,582
Canadian dollar term loan due 1999 (year-end rate 4.61% in 1996 and 7.50% in 1995)	2,920	2,932
All other	13,191	10,335
	139,311	114,849
Subordinated obligations:		
4% subordinated debentures due 1997	14,348	14,348
Obligations under capital leases (average rate 11.43% in 1996 and 10.10% in 1995)	5,178	4,086
Total long-term debt, less current maturities	158,837	133,283
Current maturities of long-term debt:		
U.S. dollar term loan due 1996	--	1,869
Other senior obligations	3,324	3,201
Capital leases	2,126	2,210
Total current maturities of long-term debt	5,450	7,280
Total long-term debt including current maturities	$164,287	140,563

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For the four years through December 31, 2001, minimum repayments of long-term debt outstanding are as follows:

1998	$ 6,125
1999	3,757
2000	2,574
2001	124,328

The Company has a $350,000 revolving credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. During the second quarter of 1996, the maturity date of both the term loan and the revolving credit portion of the Facility was extended to May 31, 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate

of deposit, Eurodollar or money market rates. At December 31, 1996, borrowings, in addition to the $100,000 term loan, of $23,200 were outstanding.

In 1994, the Company entered into a standard three year variable to fixed interest rate swap agreement on a portion of the Company's U.S. dollar term loan. This agreement fixed the Company's interest rate at 5% on initial borrowings of $40,000 in principal. The principal amount to which the 5% interest rate applies declines periodically throughout the term of the agreement, and at December 31, 1996, this rate applied to borrowings of $5,000 in principal. During 1995, the Company entered into two other variable to fixed interest rate swap agreements. One agreement fixes the Company's interest rate at 5.80% on $20,000 in principal for a term of three years. The other agreement fixes the Company's interest rate at 5.66% for a term of 21 months on $20,000 in principal. During 1996, the Company entered into a variable to fixed interest rate swap agreement which fixes the Company's interest rate at 4.9% on initial borrowings of $5,000 in principal. The principal amount increases by $5,000 each quarter through the first quarter of 1998. The principal amount to which the 4.9% interest rate applied as of December 31, 1996 was $15,000.

The Canadian dollar term loan held by a wholly-owned indirect subsidiary of Burlington bears interest based on Canadian prime or Bankers' Acceptance rates or, if converted to a U.S. dollar loan, based on Eurodollar or Federal Funds rates. The loan is guaranteed by the Company.

The 4% subordinated debentures due July 1, 1997, are exchangeable only for cash, at the rate of $157.80 per $1,000 debenture. The debentures are redeemable at the Company's option, in whole or in part, at any time prior to maturity, at redemption prices equal to 100% of the principal amount. The Company plans to repay the debentures from borrowings under the long-term revolving credit facility. In 1995, the Company redeemed $300 in principal of its 4% subordinated debentures.

Various international subsidiaries maintain lines of credit and overdraft facilities aggregating approximately $131,800 with a number of banks on either a secured or unsecured basis. At December 31, 1996, $57,496 was outstanding under such agreements.

Under the terms of some of its debt instruments, the Company has agreed to various restrictions relating to the payment of dividends, the repurchase of capital stock, the maintenance of consolidated net worth, and the amount of additional funded debt which may be incurred. Allowable restricted payments for dividends and stock repurchases aggregated $255,810 at December 31, 1996. Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $560,000.

At December 31, 1996, the Company had outstanding unsecured letters of credit totaling $95,035 primarily supporting the Company's obligations under its various self-insurance programs and aircraft lease obligations.

8. STOCK OPTIONS

The Company has various stock-based compensation plans as described below.

Stock Option Plans
The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1996, 1995 and 1994 have a maximum term of six years and vest 100% at the end of the third year. The Non-Employee Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1996, 1995 and 1994 have a maximum term of six years and vest ratably over the first three years. The total number of shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 2,460,981, 2,031,775 and 572,201 in Brink's Stock, Burlington Stock and Minerals Stock, respectively. Under the Non-Employee Plan, the total number of shares underlying options authorized for grant, but not yet granted, in Brink's Stock, Burlington Stock and Minerals Stock is 137,879, 134,164 and 35,400, respectively.

The Company's 1979 Stock Option Plan (the "1979 Plan") and the 1985 Stock Option Plan (the "1985 Plan") terminated in 1985 and 1988, respectively, except as to options still outstanding.

As part of the Brink's Stock Proposal (Note 1), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or Burlington Stock, in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383,422 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such plans, the Company converted these options into options for shares of Brink's Stock or Burlington Stock, or both, depending on the employment status and responsibilities of the particular optionee. In the case of optionees having Company-wide responsibilities, each outstanding Services Stock option was converted into options for both Brink's Stock and Burlington Stock. In the case of other optionees, each outstanding option was converted into a new

option only for Brink's Stock or Burlington Stock, as the case may be. As a result, upon approval of the Brink's Stock Proposal, 1,749,822 shares of Brink's Stock and 1,989,466 shares of Burlington Stock were subject to options.

The table below summarizes the activity in all plans from December 31, 1993 to December 31, 1996.

	Shares	Aggregate Exercise Price
Pittston Services Group Common Stock Options:		
Outstanding at December 31, 1993	2,378,804	$ 42,680
Granted	73,000	2,018
Exercised	(421,302)	(5,567)
Forfeited or expired	(40,305)	(730)
Outstanding at December 31, 1994	1,990,197	38,401
Granted	586,500	14,595
Exercised	(170,982)	(2,289)
Forfeited or expired	(7,293)	(179)
Outstanding at December 31, 1995	2,398,422	50,528
Exercised	(15,000)	(206)
Converted in Brink's Stock Proposal	(2,383,422)	(50,322)
Outstanding at December 31, 1996	--	$ --
Pittston Brink's Group Common Stock Options:		
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,749,822	26,865
Granted	369,000	9,527
Exercised	(166,211)	(1,800)
Forfeited or expired	(37,090)	(734)
Outstanding at December 31, 1996	1,915,521	$ 33,858
Pittston Burlington Group Common Stock Options:		
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,989,466	23,474
Granted	439,750	7,972
Exercised	(318,123)	(2,905)
Forfeited or expired	(64,010)	(952)
Outstanding at December 31, 1996	2,047,083	$ 27,589
Pittston Minerals Group Common Stock Options:		
Outstanding at December 31, 1993	623,498	$ 11,023
Granted	23,000	431
Exercised	(128,667)	(1,765)
Forfeited or expired	(10,508)	(118)
Outstanding at December 31, 1994	507,323	9,571
Granted	258,300	2,665
Exercised	(95,129)	(1,203)
Forfeited or expired	(72,697)	(1,674)
Outstanding at December 31, 1995	597,797	9,359
Granted	3,800	47
Exercised	(3,400)	(45)
Forfeited or expired	(15,450)	(229)
Outstanding at December 31, 1996	582,747	$ 9,132

Options exercisable at the end of 1996, 1995 and 1994, respectively, on an equivalent basis, for Brink's Stock were 1,098,836, 957,063 and 770,677; for Burlington Stock were 1,033,647, 1,030,259 and 724,089; and, for Minerals Stock were 291,860, 214,163 and 271,815.

The following table summarizes information about stock options outstanding as of December 31, 1996.

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Brink's Group					
$ 6.26 to 9.87	439,537	2.55	$ 9.29	439,537	$ 9.29
10.55 to 13.79	119,521	3.16	11.77	119,521	11.77
16.77 to 21.34	994,963	3.63	19.98	539,778	21.23

25.57 to 29.50	361,500	5.38	25.82	--	N/A
Total	1,915,521			1,098,836	
Burlington Group					
$ 5.00 to 7.51	332,227	1.48	$ 6.95	332,227	$ 6.95
7.71 to 11.70	318,265	3.36	9.59	318,177	9.59
13.41 to 16.32	888,993	4.26	15.06	317,359	16.18
17.06 to 21.13	507,598	4.92	17.95	65,884	17.06
Total	2,047,083			1,033,647	
Minerals Group					
$ 8.74 to 13.00	286,110	4.30	$ 10.40	32,893	$ 10.81
13.43 to 18.63	111,637	3.08	15.18	99,637	14.78
23.82 to 25.74	185,000	6.93	25.73	159,330	25.74
Total	582,747			291,860	

Employee Stock Purchase Plan

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 750,000 shares of Brink's Stock, 375,000 shares of Burlington Stock and 250,000 shares of Minerals Stock, to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the

Company sold 44,660 shares and 57,135 shares of Brink's Stock; 32,373 shares and 28,567 shares of Burlington Stock; and 29,831 shares and 44,098 shares of Minerals Stock, to employees during 1996 and 1995, respectively. The share amounts for Brink's Stock and Burlington Stock include the restatement for the Services Stock conversion under the Brink's Stock Proposal (Note 1).

Accounting for Plans

The Company has adopted the disclosure - only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", but applies APB Opinion No. 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the accompanying financial statements. Had compensation costs for the Company's plans been determined based on the fair value of awards at the grant dates, consistent with SFAS No. 123, the Company's net income and net income per share would approximate the pro forma amounts indicated below:

	1996	1995
Net Income attributed to common shares		
Pittston Company and Subsidiaries		
As Reported	$ 102,479	95,210
Pro Forma	99,628	93,455
Brink's Group		
As Reported	59,695	51,093
Pro Forma	58,389	50,432
Burlington Group		
As Reported	33,801	32,855
Pro Forma	32,528	32,098
Minerals Group		
As Reported	8,983	11,262
Pro Forma	8,711	10,925
Net Income per common share		
Brink's Group		
As Reported	1.56	1.35
Pro Forma	1.53	1.33
Burlington Group		
As Reported	1.76	1.73
Pro Forma	1.69	1.69
Minerals Group		
Primary, As Reported	1.14	1.45
Primary, Pro Forma	1.10	1.40
Fully Diluted, As Reported	1.08	1.40
Fully Diluted, Pro Forma	1.05	1.37

Note: The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

The fair value of each stock option grant used to compute pro forma net income and net income per share disclosures is estimated at the time of the grant using the Black-Scholes option-pricing model. The weighted-average assumptions used in the model are as follows:

	1996	1995
Expected dividend yield:		
Brink's Stock	0.4%	0.4%
Burlington Stock	1.2%	1.2%
Minerals Stock	4.8%	4.8%
Expected volatility:		
Brink's Stock	30%	30%
Burlington Stock	32%	32%
Minerals Stock	37%	38%
Risk-Free interest rate:		
Brink's Stock	6.3%	5.8%
Burlington Stock	6.3%	5.8%
Minerals Stock	6.1%	5.7%
Expected term (in years):		
Brink's Stock	4.7	4.7
Burlington Stock	4.7	4.7
Minerals Stock	3.7	4.2

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1996 and 1995 for the Brink's Stock is $3,341 and $2,317, for the Burlington Stock is $2,679 and $2,549 and for the Minerals Stock is $10 and $687, respectively.

Under SFAS 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1996 and 1995 was $365 and $330 for Brink's Stock, $138 and $163 for Burlington Stock, and $95 and $479 for Minerals Stock, respectively.

9. CAPITAL STOCK

The Company, at any time, has the right to exchange each outstanding share of Burlington Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of Burlington Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Burlington Group to any person (with certain exceptions),

the Company is required to exchange each outstanding share of Burlington Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of Burlington Stock.

The Company, at any time, has the right to exchange each outstanding share of Minerals Stock, which was previously subject to exchange for shares of Services Stock, for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Burlington Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Minerals Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Burlington Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. If any shares of the Company's Preferred Stock are converted after an exchange of Minerals Stock for Brink's Stock (or Burlington Stock), the holder of such Preferred Stock would, upon conversion, receive shares of Brink's Stock (or Burlington Stock) in lieu of shares of Minerals Stock otherwise issuable upon such conversion.

Holders of Brink's Stock at all times have one vote per share. Holders of Burlington Stock and Minerals Stock have one and 0.626 votes per share, respectively, subject to adjustment on January 1, 1998, and on January 1 every two years thereafter in such a manner so that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of Burlington Stock and Minerals Stock may have more than, less than or continue to have the number of votes per share as they have. Holders of Brink's Stock, Burlington Stock and Minerals Stock vote together as a single voting group on all matters as to which all common shareholders are entitled to vote. In addition, as prescribed by Virginia law, certain amendments to the Articles of Incorporation affecting, among other things, the designation, rights, preferences or limitations of one class of common stock, or certain mergers or statutory share exchanges, must be approved by the holders of such class of common stock, voting as a group, and, in certain circumstances, may also have to be approved by the holders of the other classes of common stock, voting as separate voting groups.

In the event of a dissolution, liquidation or winding up of the Company, the holders of Brink's Stock, Burlington Stock and Minerals Stock, effective January 19, 1996, share on a per share basis an aggregate amount equal to 55%, 28% and 17%, respectively, of the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage has been set, using a nominal number of shares of Minerals Stock of 4,202,954 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding, to ensure that the holders of Minerals Stock are entitled to the same share of any such funds immediately following the consummation of the transaction as they were prior thereto. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, Burlington 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).

In November 1995, the Board of Directors (the "Board") authorized a revised share repurchase program which allowed for the purchase, from time to time, of up to 1,000,000 shares of Minerals Stock, up to 1,500,000 shares of Brink's Stock and up to 1,500,000 shares of Burlington Stock, not to exceed an aggregate purchases price of $45,000; such shares to be purchased from time to time in the open market or in private transactions, as conditions warrant. Prior to this revised program, 117,300 shares of Minerals Stock at an aggregate cost of $1,720 were repurchased, of which 78,800 shares at a total cost of $912 were purchased in 1995, and 401,900 shares of Services Stock (or the equivalent of 401,900 shares of Brink's Stock and 200,950 shares of Burlington Stock) at an aggregate cost of $9,624 were repurchased, of which 145,800 shares at a total cost of $3,436 were purchased in 1995. No additional repurchases were made during the remainder of 1995 subsequent to the implementation of the revised program. During 1996, the Company repurchased 278,000 shares and 75,600 shares of Brink's Stock and Burlington Stock, respectively, at a total cost of $6,937 and $1,407, respectively. No Minerals Stock was repurchased in 1996. The program to acquire shares remains in effect in 1997.

The Company has authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80,500 or 161,000 shares of its $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board, and bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon. Each share of the Convertible Preferred Stock is convertible at the option of the holder at any time, unless previously redeemed or, under certain circumstances, called for redemption, into

shares of Minerals Stock at a conversion price of $32.175 per share of Minerals Stock, subject to adjustment in certain circumstances. Except under certain circumstances, the Convertible Preferred Stock is not redeemable prior to February 1, 1997. On and after such date, the Company may at its option, redeem the Convertible Preferred Stock, in whole or in part, for cash initially at a price of $521.875 per share, 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. The voting rights of the Preferred Stock were not affected by the Brink's Stock Proposal. Other than the Convertible Preferred Stock, no shares of preferred stock are presently issued or outstanding.

In 1994, the Board authorized the repurchase from time to time of up to $15,000 of Convertible Preferred Stock. Subsequent to the authorization and through October 1995, 24,720 shares at a total cost of $9,624 were repurchased, of which 16,370 shares at a total cost of $6,258 were purchased in 1995. In November 1995, the Board authorized an increase in the remaining authority to $15,000. No additional share repurchases were made during the remainder of 1995 subsequent to the increased authorization. In 1996, 20,920 shares at a total cost of $7,897 were repurchased. The program to acquire shares remains in effect in 1997, and in February 1997, the Board authorized an increase in the remaining repurchase authority to $15 million.

In 1996 and 1995, dividends paid on such stock amounted to $3,795 and $4,341, respectively. Preferred dividends included on the Company's Statements of Operations for the years ended December 31, 1996 and 1995, are net of $2,120 and $1,579, respectively, which was the excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders of the stock for repurchases made during the year.

Under a Shareholder Rights Plan adopted by the Company's Board of Directors in 1987 and amended in December 1988, rights to purchase a new Series A Participating Cumulative Preferred Stock (the "Series A Preferred Stock") of the Company were distributed as a dividend at the rate of one right for each share of the Company's common stock. Pursuant to the Brink's Stock Proposal, the Shareholders Rights Plan was amended and restated to reflect the change in the capital structure of the Company. At the time of the Brink's Stock Proposal, each existing Services Right was amended to become a Pittston Brink's Group Right (a "Brink's Right") and each holder of Burlington Stock received one Pittston Burlington Group Right (a "Burlington Right") for each outstanding share of Burlington Stock. Each Brink's Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series A Preferred Stock at a purchase price of $26.67, subject to adjustment. Each Burlington Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series D Preferred Stock at a purchase price of $26.67, subject to adjustment. Each Minerals Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series B Participating Cumulative Preferred Stock (the "Series B Preferred Stock") at a purchase price of $40, subject to adjustment. Each fractional share of Series A Preferred Stock and Series B Preferred Stock will be entitled to participate in dividends and to vote on an equivalent basis with one whole share of Brink's Stock, Burlington Stock and Minerals Stock, respectively. Each right will not be exercisable until ten days after a third party acquires 20% or more of the total voting rights of all outstanding Brink's Stock, Burlington Stock and Minerals Stock or ten days after commencement of a tender offer or exchange offer by a third party for 30% or more of the total voting rights of all outstanding Brink's Stock, Burlington Stock and Minerals Stock. If after the rights become exercisable, the Company is acquired in a merger or other business combination, each right will entitle the holder to purchase, for the purchase price, common stock of the surviving or acquiring company having a market value of twice the purchase price. In the event a third party acquires 30% or more of all outstanding Brink's Stock, Burlington Stock and Minerals Stock or engages in one or more "self dealing" transactions with the Company, the rights will entitle each holder to purchase, at the purchase price, that number of fractional shares of Series A Preferred Stock, Series D Preferred Stock and Series B Preferred Stock equivalent to the number of shares of common stock which at the time of the triggering event would have a market value of twice the purchase price. The rights may be redeemed by the Company at a price of $0.01 per right and expire on September 25, 1997.

The Company's Articles of Incorporation limits dividends on Minerals Stock to the lesser of (i) all funds of the Company legally available therefore (as prescribed by Virginia law) and (ii) the Available Minerals Dividend Amount (as defined in the Articles of Incorporation). At December 31, 1996, the Available Minerals Dividend Amount was at least $22,099. Dividends on Minerals Stock are also restricted by covenants in the Company's public indentures and bank credit agreements (Note 7).

In December 1992, the Company formed The Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock to fund obligations under certain employee benefit programs not including stock option plans. The trust first began funding obligations under the Company's various stock option plans in September 1995. Upon formation of the Trust, the Company sold for a promissory note of the Trust, 4,000,000 new shares of its common stock to the Trust at a price equal to the fair value of the stock on the date of sale. Upon approval of the Brink's Stock Proposal, 3,537,811 shares in the Trust were redesignated as Brink's Stock and 1,768,906 shares of Burlington Stock were distributed to the Trust. At December 31, 1996, 3,141,493 shares of Brink's Stock (3,552,906 in 1995), 1,279,544 shares of Burlington Stock (1,776,453 in 1995) and 423,652 shares of Minerals Stock (594,461 in 1995) remained in the Trust, valued at market. These shares will be voted by the trustee in the same proportion as those voted by the Company's employees participating in the Company's Savings Investment Plan. The fair market value of the shares is included in each issue of common stock and capital in excess of par and, in total, as a reduction to common shareholders' equity in the Company's consolidated balance sheet.

10. ACQUISITIONS

The following represents the significant acquisitions made by the Company in 1996, 1995 and 1994.

During 1994, a wholly owned indirect subsidiary of the Company completed the acquisition of substantially all of the coal mining operations and coal supply contracts of Addington Resources, Inc. ("Addington") for $157,324. The acquisition has been accounted for as a purchase; accordingly, the purchase price has been allocated to the underlying assets and liabilities based on their respective estimated fair values at the date of acquisition. The fair value of assets acquired was $173,959 and liabilities assumed was $138,518. The excess of the purchase price over the fair value of assets acquired and liabilities assumed was $121,883 and is being amortized over a period of forty years. The acquisition was financed by the issuance of $80,500 of Convertible Preferred Stock (Note 9) and additional borrowings under existing credit facilities. In March 1994, the additional debt incurred for this acquisition was refinanced with a portion of the proceeds from the five-year term loan (Note 7).

There were no significant acquisitions in 1995 or 1996.

The results of operations of the businesses acquired in 1996, 1995 and 1994 have been included in the Company's results of operations from their dates of acquisition.

11. COAL JOINT VENTURE

The Company, through a wholly owned indirect subsidiary, has a partnership agreement, Dominion Terminal Associates ("DTA"), with three other coal companies to operate coal port facilities in Newport News, Virginia, in the Port of Hampton Roads (the "Facilities"). The Facilities, in which the Company's wholly owned indirect subsidiary has a 32.5% interest, have an annual throughput capacity of 22 million tons, with a ground storage capacity of approximately 2 million tons. The Facilities are financed by a series of coal terminal revenue refunding bonds issued by the Peninsula Ports Authority of Virginia (the "Authority"), a political subdivision of the Commonwealth of Virginia, in the aggregate principal amount of $132,800, of which $43,160 are attributable to the Company. These bonds bear a fixed interest rate of 7.375%. The Authority owns the Facilities and leases them to DTA for the life of the bonds, which mature on June 1, 2020. DTA may purchase the Facilities for one dollar at the end of the lease term. The obligations of the partners are several, and not joint.

Under loan agreements with the Authority, DTA is obligated to make payments sufficient to provide for the timely payment of the principal and interest on the bonds. Under a throughput and handling agreement, the Company has agreed to make payments to DTA that in the aggregate will provide DTA with sufficient funds to make the payments due under the loan agreements and to pay the Company's share of the operating costs of the Facilities. The Company has also unconditionally guaranteed the payment of the principal of and premium, if any, and the interest on the bonds. Payments for operating costs aggregated $5,208 in 1996, $6,841 in 1995 and $7,173 in 1994. 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.

12. LEASES

The Company and its subsidiaries lease aircraft, facilities, vehicles, computers and coal mining and other equipment under long-term operating leases with varying terms, and most of the leases contain renewal and/or purchase options. As of December 31, 1996, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Aircraft	Facilities	Equipment & Other	Total
1997	$27,590	40,412	26,844	94,846
1998	20,661	33,229	18,816	72,706
1999	17,979	25,131	10,283	53,393
2000	11,479	19,571	5,769	36,819
2001	10,339	16,490	2,041	28,870
2002	6,336	14,166	826	21,328
2003	--	12,857	556	13,413
2004	--	12,424	417	12,841
2005	--	11,250	417	11,667
Later Years	--	67,124	3,298	70,422
Total	$94,384	252,654	69,267	416,305

These amounts are net of aggregate future minimum noncancellable sublease rentals of $4,476.

Net rent expense amounted to $111,562 in 1996, $120,583 in 1995 and $110,414 in 1994.

The Company incurred capital lease obligations of $3,185 in 1996, $2,948 in 1995 and $3,152 in 1994. In addition, in 1994 the Company assumed capital lease obligations of $16,210 as part of the acquisition of the coal operations of Addington (Note 10). As of December 31, 1996, the Company's obligations under capital leases were not significant (Note 7).

13. EMPLOYEE BENEFIT PLANS

The Company and its subsidiaries maintain several noncontributory defined benefit pension plans covering substantially all nonunion employees who meet certain minimum requirements, in addition to sponsoring certain other defined benefit plans. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The Company's policy is to fund the actuarially determined amounts necessary to provide assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations.

The net pension expense (credit) for 1996, 1995 and 1994 for all plans is as follows:

	Years Ended December 31 1996	1995	1994
Service cost--benefits earned during year	$ 14,753	11,193	12,169
Interest cost on projected benefit obligation	23,719	21,429	19,781
Loss (return) on assets--actual	(57,109)	(77,368)	576
(Loss) return on assets--deferred	19,461	43,139	(33,601)
Other amortization, net	1,741	(803)	1,441
Net pension expense (credit)	$ 2,565	(2,410)	366

The assumptions used in determining the net pension expense (credit) for the Company's primary pension plan were as follows:

	1996	1995	1994
Interest cost on projected benefit obligation	7.5%	8.75%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Rate of increase in compensation levels	4.0%	4.0%	4.0%

The funded status and prepaid pension expense at December 31, 1996 and 1995 for all plans are as follows:

	1996	1995
Actuarial present value of accumulated benefit obligation:		
Vested	$ 276,335	263,992
Nonvested	15,694	14,644
	292,029	278,636
Benefits attributable to projected salaries	47,231	40,854
Projected benefit obligation	339,260	319,490
Plan assets at fair value	450,430	406,923
Excess of plan assets over projected benefit obligation	111,170	87,433

Unamortized initial net asset	(2,719)	(3,642)
Unrecognized experience loss	11,179	35,820
Unrecognized prior service cost	1,540	1,764
Net pension assets	121,170	121,375
Current pension liabilities	3,071	2,368
Deferred pension assets per balance sheet	$ 124,241	123,743

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 8% in 1996 and 7.5% in 1995. The expected long-term rate of return on assets was 10% in both years. The rate of increase in compensation levels used was 4% in 1996 and 1995.

The unrecognized initial net asset at January 1, 1986 (January 1, 1989 for certain foreign pension plans), the date of adoption of Statement of Financial Accounting Standards No. 87, has been amortized over the estimated remaining average service life of the employees. As of December 31, 1996, approximately 70% of plan assets were invested in equity securities and 30% in fixed income securities.

Under the 1990 collective bargaining agreement with the United Mine Workers of America ("UMWA"), the Company agreed to make payments at specified contribution rates for the benefit of the UMWA employees. The trustees of the UMWA pension fund contested the agreement and brought action against the Company. While the case was in litigation, Minerals Group's benefit payments were made into an escrow account for the benefit of union employees. During 1996, the case was settled and the escrow funds were released (Note 17). As a result of the settlement, the Coal subsidiaries agreed to continue their participation in the UMWA 1974 pension plan at defined contribution rates.

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 1996, 1995 and 1994, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31		
	1996	1995	1994
Service cost--benefits earned during the year	$ 2,069	1,720	2,446
Interest cost on accumulated postretirement benefit obligation	20,213	19,957	21,429
Amortization of losses (gains)	1,128	(15)	2,804
Total expense	$23,410	21,662	26,679

Interest costs on the accumulated postretirement benefit obligation were based upon rates of 7.5% in 1996, 8.75% in 1995 and 7.5% in 1994.

At December 31, 1996 and 1995, the actuarial and recorded liabilities for these postretirement benefits, none of which have been funded, were as follows:

	Years Ended December 31	
	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	$ 237,677	232,418
Fully eligible active plan participants	25,267	25,211
Other active plan participants	24,578	29,417
	287,522	287,046
Unrecognized experience loss	(42,850)	(48,113)
Liability included on the balance sheet	244,672	238,933
Less current portion	17,975	19,038
Noncurrent liability for postretirement health care and life insurance benefits	$ 226,697	219,895

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 8% in 1996 and 7.5% in 1995. The assumed health care cost trend rate used in 1996 was 8.24% for pre-65 retirees, grading down to 5% in the year 2001. For post-65 retirees, the assumed trend rate in 1996 was 6.9%, grading down to 5% in the year 2001. The assumed Medicare cost trend rate used in 1996 was 6.46%, grading down to 5% in the year 2001.

A percentage point increase each year in the assumed health care cost trend rate used would have resulted in an increase of approximately $3,000 in the aggregate service and interest components of expense for the year 1996, and an increase of approximately $36,000 in the accumulated postretirement benefit obligation at December 31, 1996.

The Company also sponsors a Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 50% to 125% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $6,875 in 1996, $6,324 in 1995 and $5,830 in 1994.

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 $643 in 1996, $1,030 in 1995 and $1,026 in 1994.

In October 1992, the Coal Industry Retiree Health Benefit Act of 1992 (the "Health Benefit Act") was enacted as part of the Energy Policy Act of 1992. The Health Benefit Act established rules for the payment of future health care benefits for thousands of retired union mine workers and their dependents. The Health Benefit Act established a trust fund to which the Company and certain of its subsidiaries (the "Pittston Companies") are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share or certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1996, 1995 and 1994, these amounts, on a pretax basis, were approximately $10,400, $10,800 and $11,000, respectively. The Company believes that the annual liability under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10,000 per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' remaining assigned beneficiaries at approximately $210,000, which when discounted at 8% provides a present value estimate of approximately $90,000.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of the health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and recognizes the annual cost on a pay-as-you-go basis.

14. RESTRUCTURING AND OTHER (CREDITS) CHARGES,
INCLUDING LITIGATION ACCRUAL

Refer to Note 17 for a discussion of the benefit of the reversal of a litigation accrual related to the Evergreen case of $35,650.

The market for metallurgical coal, for much of the past fifteen years, has been characterized by weak demand from primary steel producers and intense competition from foreign coal producers, especially those in Australia and Canada. Metallurgical coal sales contracts are typically subject to annual price negotiations, which increase the risk of market forces. As a result of these conditions in the metallurgical coal markets, Coal operations decreased its exposure to this business by selecting to participate only in those higher-margin metallurgical markets which generate acceptable profitability. Simultaneously with that business decision, management conducted a review of the economic viability of its metallurgical coal assets in early 1994 and determined that four underground mines were no longer economically viable and should be closed, resulting in significant economic impairment to three related preparation plants. In addition, it was determined that one surface steam coal mine, the Heartland mine, which provided coal to Alabama Power under a long-term sales agreement, would be closed due to rising costs caused by unfavorable geological conditions.

As a result of these decisions, Coal operations incurred pretax charges of $90,806 ($58,116 after-tax) in the first quarter of 1994, which included a reduction in the carrying value of these assets and related accruals for mine closure costs. These charges included asset writedowns of $46,487, $3,836 for required lease payments owed to lessors for machinery and equipment that would be idled as a result of the mine and facility closures, $19,290 for mine and plant closure costs and $21,193 in contractually or statutorily required employee severance and other benefit costs associated with terminated and inactive employees at these facilities.

Of the four underground mines included in the asset writedown, two ceased coal production in 1994 and one ceased coal production in 1996. Also, in 1994, the Coal operations reached agreement with Alabama Power Company to transfer the coal sales contract serviced by the Heartland mine to another location in West Virginia. The Heartland mine ceased coal production during 1994 and final reclamation and environmental work is complete. By early 1995, two of the three related preparation plants had also closed. At the beginning of 1994 there were approximately 750 employees involved in operations and other administrative support at the facilities included in the 1994 charge. Employment at these facilities was reduced by 52% to approximately 360 employees at December 31, 1994; by 81% to approximately 140 employees at December 31, 1995; and by 87% to approximately 100 employees at December 31, 1996.

The initiation in 1996 of a Virginia tax credit, along with favorable labor negotiations and improved metallurgical contract pricing over 1994, led management to open three new underground coal mines in southwest Virginia during late 1996 and to reactivate one coal preparation and loading facility. In addition, management decided to continue operating the last of the four underground mines and one related coal preparation and loading facility included in the

1994 charge. As a result of these decisions and favorable workers' compensation claim development for closed mines, a portion of the restructuring reserve established in 1994 was no longer required. Accordingly, Coal operations reversed $11,649 ($7,572 after-tax) of its restructuring reserve during the year.

Although coal production has ceased at the mines remaining in the accrual, Coal will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. In addition, employee termination and medical costs will continue to be incurred for several years after the facilities have been closed. Management believes that the reserve, as adjusted, at December 31, 1996, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The following table analyzes the changes in liabilities during the last three years for facility closure costs recorded as restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance January 1, 1994	$3,092	28,434	34,217	65,743
Additions	3,836	19,290	21,193	44,319
Payments (a)	3,141	9,468	12,038	24,647
Balance December 31, 1994	3,787	38,256	43,372	85,415
Payments (b)	1,993	7,765	7,295	17,053
Other reductions (c)	576	1,508	--	2,084
Balance December 31, 1995	1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (d)	842	5,499	3,921	10,262
Other reductions (c)	--	6,267	--	6,267
Balance December 31, 1996	$ 376	12,439	25,285	38,100

(a) Of the total payments made, in 1994, $8,672 was for liabilities recorded in years prior to 1993, $5,822 was for liabilities recorded in 1993 and $10,153 was for liabilities recorded in 1994.

(b) Of the total payments made in 1995, $6,424 was for liabilities recorded in years prior to 1993, $2,486 was for liabilities recorded in 1993 and $8,143 was for liabilities recorded in 1994.

(c) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.

(d) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993, $4,658 was for liabilities recorded in 1994.

During the next 12 months, expected cash funding of these charges will be approximately $6,000 to $10,000. Management estimates that the remaining liability for leased machinery and equipment will be fully paid over the next year. The liability for mine and plant closure costs is expected to be satisfied over the next ten years, of which approximately 49% is expected to be paid over the next two years. The liability for employee related costs, which is primarily workers' compensation, is estimated to be 44% settled over the next four years with the balance paid during the following five to ten years.

15. OTHER OPERATING INCOME

Other operating income includes the Company's share of net income of unconsolidated affiliated companies carried on the equity method of $2,103, $182 and $6,336 for 1996, 1995 and 1994, respectively.

Summarized financial information presented includes the accounts of the following equity affiliates (a):

	Ownership At December 31, 1996
Servicio Pan Americano De Protecion, S.A. (Mexico)	20.0%
Brink's Panama, S.A	49.0%
Brink's S.A. (France)	38.0%
Brink's Schenker, GmbH (Germany)	50.0%
Brink's Securmark S.p.A. (Italy)	24.5%
Security Services (Brink's Jordan), W.L.L	45.0%
Brink's-Allied Limited (Ireland)	50.0%
Brink's Arya India Private Limited	40.0%
Brink's Pakistan (Pvt.) Limited	49.0%
Brink's Taiwan Limited	50.0%
Brink's (Thailand) Ltd.	40.0%
Burlington International Forwarding Ltd. (Taiwan)	33.3%
Continental Freight (Proprietary) Limited (South Africa)	50.0%

Mining Project Investors Limited (Australia)	34.1%
MPI Gold (USA)	34.1%

	1996	1995	1994
Revenues	$728,815	762,250	833,056
Gross profit	78,900	60,712	154,608
Net income	11,160	(5,873)	23,503
Current assets	209,089	186,039	180,868
Noncurrent assets	217,445	227,229	299,338
Current liabilities	192,679	219,253	145,549
Noncurrent liabilities	117,952	85,057	160,876
Net equity	115,903	108,958	173,781

(a) Also includes amounts related to equity affiliates who were either sold prior to December 31, 1996 or became consolidated affiliates through increased ownership prior to December 31, 1996. All amounts for such affiliates are presented pro-rata, where applicable.

Undistributed earnings of such companies included in consolidated retained earnings approximated $32,200 at December 31, 1996.

16. SEGMENT INFORMATION

Net sales and operating revenues by geographic area are as follows:

	Years Ended December 31 1996	1995	1994
United States:			
Domestic customers	$1,487,145	1,449,684	1,477,450
Export customers	273,162	256,396	274,695
	1,760,307	1,706,080	1,752,145
International operations	1,346,337	1,219,987	915,130
Consolidated net sales and operating revenues	$3,106,644	2,926,067	2,667,275

Segment operating profit by geographic area is as follows:

	Years Ended December 31 1996	1995	1994
United States	$125,050	115,530	11,770
International operations	62,902	48,775	47,279
Total segment operating profit	$187,952	164,305	59,049

Identifiable assets by geographic area are as follows:

	As of December 31 1996	1995	1994
United States	$1,221,093	1,245,122	1,252,057
International operations	485,479	453,451	389,074
Total	$1,706,572	1,698,573	1,641,131

Industry segment information is as follows:

	Years Ended December 31 1996	1995	1994
Net Sales and Operating Revenues:			
Burlington	$ 1,500,318	1,414,821	1,215,284
Brink's	754,011	659,459	547,046
BHS	155,802	128,936	109,947
Coal Operations	677,393	706,251	779,504
Mineral Ventures	19,120	16,600	15,494
Consolidated net sales and operating revenues	$ 3,106,644	2,926,067	2,667,275
Operating Profit (Loss):			
Burlington	$ 64,604	58,723	69,224
Brink's (a)	56,823	42,738	39,710
BHS (b)	44,872	39,506	32,432
Coal Operations (c)	20,034	23,131	(83,451)
Mineral Ventures (c)	1,619	207	1,134
Segment operating profit	187,952	164,305	59,049
General Corporate expense	(21,445)	(16,806)	(16,176)
Consolidated operating profit	$ 166,507	147,499	42,873

(a) Includes equity in net income of unconsolidated foreign affiliates of $2,103 in 1996, $182 in 1995 and $6,336 in 1994 (Note 15).

(b) As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase operating profit by $4,539 in 1996, $4,525 in 1995 and $4,137 in 1994 (Note 4).

(c) Operating profit (loss) of the Coal segment included a (benefit) charge from restructuring and other (credits) charges, including litigation accrual of ($47,299) in 1996 and $90,806 in 1994 (Note 14).

	Years Ended December 31 1996	1995	1994
Capital Expenditures:			
Burlington	$ 59,470	34,576	24,701
Brink's	34,072	23,063	23,963
BHS	61,522	47,256	34,071
Coal Operations	18,881	17,811	25,016
Mineral Ventures	3,714	2,332	2,514

General Corporate	5,950	391	209
Consolidated capital expenditures	$183,609	125,429	110,474
Depreciation, Depletion and Amortization:			
Burlington	$ 23,254	19,856	17,209
Brink's	24,293	21,844	20,553
BHS	30,115	22,408	17,817
Coal Operations	34,632	40,285	44,731
Mineral Ventures	1,856	1,597	1,202
General Corporate	468	379	344
Consolidated depreciation, depletion and amortization	$114,618	106,369	101,856

	As of December 31		
	1996	1995	1994
Assets:			
Burlington	$ 598,060	539,719	472,440
Brink's	340,922	321,022	297,816
BHS	149,992	116,701	87,372
Coal Operations	594,772	699,049	761,827
Mineral Ventures	22,826	22,082	21,676
Identifiable assets	1,706,572	1,698,573	1,641,131
General Corporate (primarily cash, investments, advances and deferred pension assets)	106,307	108,799	96,647
Consolidated assets	$1,812,879	1,807,372	1,737,778

17. LITIGATION

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,900 and $17,000 over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The clean-up estimates have been modified from prior years' in light of cost inflation. 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, unforseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. The Company has appealed the District Court's decision to the Third Circuit. However, management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, it is the Company's belief that, based on estimates of potential liability and probable realization of insurance recoveries, the Company would be liable for approximately $1,400 based on the Court's decision and related developments of New Jersey law.

In 1988, the trustees of certain pension and benefit trust funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Company recognized in its consolidated financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case (Notes 13 and 14).

In late March 1996, a settlement was reached in the Evergreen Case. Under the terms of the settlement, the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25,800 upon dismissal of the Evergreen Case and the remainder of $24,000 in installments of $7,000 in 1996 and $8,500 in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second payment of $7,000 was paid in 1996 and was funded from cash provided by operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan.

As a result of the settlement of the Evergreen Case at an amount lower than those previously accrued, the Company recorded a pretax gain of $35,650 ($23,173 after-tax) in the first quarter of 1996 in its consolidated financial statements.

18. COMMITMENTS

At December 31, 1996, the Company had contractual commitments for third parties to contract mine or provide coal. Based on the contract provisions these commitments are currently estimated to aggregate approximately $124,675 and expire from 1997 through 1999 as follows:

1997	$ 79,894
1998	27,480
1999	17,301

Spending under the contracts was $99,161 in 1996, $83,532 in 1995 and $53,097 in 1994.

19. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1996, 1995 and 1994, cash payments for income taxes, net of refunds received, were $26,412, $21,967 and $23,406, respectively.

For the years ended December 31, 1996, 1995 and 1994, cash payments for interest were $14,659, $13,575 and $12,104, respectively.

In 1995, the Company sold mining operations in Ohio together with a related coal supply contract for notes and royalties receivable totaling $6,949.

20. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1996 and 1995.

	1st	2nd	3rd	4th
1996 Quarters:				
Net sales and operating revenues	$ 734,762	760,734	786,873	824,275
Gross profit	61,956	104,693	116,745	111,155
Net income	18,620	25,426	29,044	31,064
Per Pittston Brink's Group Common Share:				
Net income	$ .31	.37	.41	.47
Per Pittston Burlington Group Common Share:				
Net income	$ .20	.46	.56	.55
Per Pittston Minerals Group Common Share:				
Net income (loss):				
Primary	$ .25	.35	.33	.20
Fully diluted	.25	.27	.25	.20
1995 Quarters:				
Net sales and operating revenues	$ 699,084	711,767	752,453	762,763
Gross profit	76,028	89,898	108,578	109,864
Net income	14,065	24,608	29,599	29,700
Per Pittston Brink's Group Common Share:				
Net income	$ .25	.32	.39	.39
Per Pittston Burlington Group Common Share:				
Net income	$ .21	.42	.56	.54
Per Pittston Minerals Group Common Share:				
Net income:				
Primary	$ .05	.45	.51	.43
Fully diluted	.05	.45	.45	.43

STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The Pittston Company (the "Company") is responsible for preparing the accompanying Pittston Brink's Group (the "Brink's Group") financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles. Management has also prepared the other information in the annual report and is responsible for its accuracy.

In meeting our responsibility for the integrity of the financial statements, we maintain a system of internal controls designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorization and that the accounting records provide a reliable basis for the preparation of the financial statements. Qualified personnel throughout the organization maintain and monitor these internal controls on an ongoing basis. In addition, the Company maintains an internal audit department that systematically reviews and reports on the adequacy and effectiveness of the controls, with management follow-up as appropriate.

Management has also established a formal Business Code of Ethics which is distributed throughout the Company. We acknowledge our responsibility to establish and preserve an environment in which all employees properly understand the fundamental importance of high ethical standards in the conduct of our business.

The accompanying financial statements have been audited by KPMG Peat Marwick LLP, independent auditors. During the audit they review and make appropriate tests of accounting records and internal controls to the extent they consider necessary to express an opinion on the Brink's Group's financial statements.

The Company's Board of Directors pursues its oversight role with respect to the Brink's Group's financial statements through the Audit and Ethics Committee, which is composed solely of outside directors. The Committee meets periodically with the independent auditors, internal auditors and management to review the Company's control system and to ensure compliance with applicable laws and the Company's Business Code of Ethics.

We believe that the policies and procedures described above are appropriate and effective and do enable us to meet our responsibility for the integrity of the Brink's Group's financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying balance sheets of Pittston Brink's Group (as described in Note 1) as of December 31, 1996 and 1995, and the related statements of operations and cash flows for each of the years in the three-year period ended December 31, 1996. These financial statements are the responsibility of The Pittston Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements of Pittston Brink's Group present fairly, in all material respects, the financial position of Pittston Brink's Group as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1996, in conformity with generally accepted accounting principles.

As more fully discussed in Note 1, the financial statements of Pittston Brink's Group should be read in connection with the audited consolidated financial statements of The Pittston Company and subsidiaries.

KPMG PEAT MARWICK LLP

KPMG Peat Marwick LLP
Stamford, Connecticut

January 23, 1997

BALANCE SHEETS

(Dollars in thousands)	December 31 1996	1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20,012	21,977
Short-term investments	1,856	3,288
Accounts receivable:		
Trade	124,371	112,705
Other	5,527	4,841
	129,898	117,546
Less estimated amount uncollectible	4,970	3,756
	124,928	113,790
Receivable--Pittston Minerals Group (Note 2)	14,027	3,945
Inventories	3,073	2,795
Prepaid expenses	11,680	10,380
Deferred income taxes (Note 7)	14,481	13,146
Total current assets	190,057	169,321
Property, plant and equipment, at cost (Note 4)	497,500	429,077
Less accumulated depreciation and amortization	240,741	214,424
	256,759	214,653
Intangibles, net of amortization (Note 5)	28,162	28,893
Investment in and advances to unconsolidated affiliates	29,081	28,406
Deferred pension assets (Note 12)	33,670	33,923
Deferred income taxes (Note 7)	2,120	1,081
Other assets	11,816	8,449
Total assets	$551,665	484,726
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term borrowings	$ 1,751	4,858
Current maturities of long-term debt (Note 8)	2,139	4,117
Accounts payable	36,995	35,460
Accrued liabilities:		
Taxes	14,051	13,690
Workers' compensation and other claims	16,667	17,613
Payroll and vacation	21,993	19,025
Deferred monitoring revenues	13,415	12,134
Miscellaneous (Note 12)	32,381	23,544
	98,507	86,006
Total current liabilities	139,392	130,441
Long-term debt, less current maturities (Note 8)	5,542	5,795
Postretirement benefits other than pensions (Note 12)	3,835	3,475
Workers' compensation and other claims	11,056	11,292
Deferred income taxes (Note 7)	38,539	37,529
Payable--Pittston Minerals Group (Note 2)	8,760	7,844
Minority interests	22,929	21,361
Other liabilities	8,234	8,184
Commitments and contingent liabilities (Notes 8, 11 and 15)		
Shareholder's equity (Notes 3, 9 and 10)	313,378	258,805
Total liabilities and shareholder's equity	$551,665	484,726

See accompanying notes to financial statements.

Pittston Brink's Group

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1996	1995	1994
Operating revenue	$ 909,813	788,395	656,993
Costs and expenses:			
Operating expenses	687,175	599,683	498,185
Selling, general and administrative expenses	130,833	112,133	97,245
Total costs and expenses	818,008	711,816	595,430
Other operating income, net (Note 13)	2,433	895	5,913
Operating profit	94,238	77,474	67,476
Interest income	2,745	1,840	1,503
Interest expense (Note 2)	(1,810)	(2,050)	(2,450)
Other expense, net	(5,407)	(3,505)	(3,068)
Income before income taxes	89,766	73,759	63,461
Provision for income taxes (Note 7)	30,071	22,666	21,972
Net income	$ 59,695	51,093	41,489
Net income per common share (Note 1)	$ 1.56	1.35	1.10
Average common shares outstanding	38,200	37,931	37,784

See accompanying notes to financial statements.

Pittston Brink's Group

STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31 1996	1995	1994
Cash flows from operating activities:			
Net income	$ 59,695	51,093	41,489
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	54,566	44,357	38,463
Provision (credit) for deferred income taxes	62	(952)	4,328
Provision (credit) for pensions, noncurrent	1,149	(466)	(169)
Provision for uncollectible accounts receivable	4,416	3,265	1,346
Equity in earnings of unconsolidated affiliates, net of dividends received	(1,755)	2,352	(1,144)
Gain on sale of property, plant and equipment	(201)	(377)	(186)
Other operating, net	7,206	3,104	2,380
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	(15,556)	(22,352)	(15,620)
Increase in inventories	(276)	(812)	(529)
Increase in prepaid expenses	(1,300)	(1,858)	(675)
Increase in accounts payable and accrued liabilities	11,623	14,442	15,645
Increase in other assets	(4,742)	(1,597)	(982)
(Decrease) increase in workers' compensation and other claims, noncurrent	(237)	1,363	886
(Decrease) increase in other liabilities	(949)	337	(956)
Other, net	82	(1,119)	(820)
Net cash provided by operating activities	113,783	90,780	83,456
Cash flows from investing activities:			
Additions to property, plant and equipment	(95,754)	(69,783)	(56,443)
Proceeds from disposal of property, plant and equipment	2,798	3,178	515
Acquisitions, net of cash acquired, and related contingency payments	(90)	(956)	--
Other, net	933	(1,313)	(4,884)
Net cash used by investing activities	(92,113)	(68,874)	(60,812)
Cash flows from financing activities:			
Additions to debt	1,842	1,782	--
Reductions of debt	(9,375)	(5,893)	(10,129)
Payments to Minerals Group	(6,082)	(12,240)	(5,705)
Repurchase of common stock	(6,936)	(2,303)	(4,146)
Proceeds from exercise of stock options and employee stock purchase plan	2,072	1,931	3,730
Other	--	--	216
Dividends paid	(3,918)	(3,432)	(3,399)
Cost of stock proposals	(1,238)	--	(1)
Net cash used by financing activities	(23,635)	(20,155)	(19,434)
Net (decrease) increase in cash and cash equivalents	(1,965)	1,751	3,210
Cash and cash equivalents at beginning of period	21,977	20,226	17,016
Cash and cash equivalents at end of period	$ 20,012	21,977	20,226

See accompanying notes to financial statements.

(Dollars in thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
On January 18, 1996, the shareholders of The Pittston Company, (the "Company") approved the Brink's Stock Proposal, as described in the Company's proxy statement dated December 15, 1995, resulting in the modification, effective as of January 19, 1996, of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Pittston Services Group Common Stock, par value $1.00 per share, ("Services Stock") have been redesignated as Pittston Brink's Group Common Stock, par value $1.00 per share, ("Brink's Stock") on a share-for-share basis, and a new class of common stock, designated as Pittston Burlington Group Common Stock, par value $1.00 per share, ("Burlington Stock") was distributed on the basis of one-half of one share for each outstanding share of Services Stock. Holders of Pittston Minerals Group Common Stock, par value $1.00 per share, ("Minerals Stock") continue to be holders of such stock, which continues to reflect the performance of the Pittston Minerals Group (the "Minerals Group"). Brink's Stock is intended to reflect the performance of the Pittston Brink's Group (the "Brink's Group") and Burlington Stock is intended to reflect the performance of the Pittston Burlington Group (the "Burlington Group").

The financial statements of the Brink's Group include the balance sheets, the results of operations and cash flows of the Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of the Company, and a portion of the Company's corporate assets and liabilities and related transactions which are not separately identified with operations of a specific segment. The Brink's Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate allocations reflected in these financial statements are determined based upon methods which management believes to be a reasonable and equitable allocation of such items (Note 2).

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

Principles of Combination
The accompanying financial statements reflect the combined accounts of the businesses comprising the Brink's Group and their majority-owned subsidiaries. The Brink's Group's interests in 20% to 50% owned companies are carried on the equity method. All material intercompany items and transactions have been eliminated in combination. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, demand deposits and investments with original maturities of three months or less.

Short-term Investments
Short-term investments are those with original maturities in excess of three months, but not exceeding one year, and are carried at cost which approximates market.

Inventories
Inventories are stated at cost (determined under the first-in, first-out or average cost method) or market, whichever is lower.

Property, Plant and Equipment
Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight-line method at varying rates depending upon estimated useful lives.

Subscriber installation costs for home security systems provided by BHS are capitalized and depreciated over the estimated life of the assets and are included in machinery and equipment. The security system that is installed remains the property of BHS and is capitalized at the cost to bring the revenue producing asset to its intended use. When an installation is identified for disconnection, the remaining net book value of the installation is fully written-off and charged to depreciation expense.

Intangibles
The excess of cost over fair value of net assets of businesses acquired is amortized on a straight-line basis over the estimated periods benefited.

The Brink's Group evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of asset value or useful lives. The Brink's Group annually assesses the recoverability of the excess of cost over net assets acquired by determining whether the amortization of the asset balance over its remaining life can be recovered through projected undiscounted future operating cash flows. Evaluation of asset value as well as periods of amortization are performed on a disaggregated basis at each of the Brink's Group's operating units.

Income Taxes
Income taxes are accounted for in accordance with Statement of Financial Accounting Standards 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 the differences are expected to reverse.

See Note 2 for allocation of the Company's U.S. federal income taxes to the Brink's Group.

Postretirement Benefits Other Than Pensions
Postretirement benefits other than pensions are accounted for in accordance with Statement of Financial Accounting Standards 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.

Net Income Per Common Share
Net Income per common share is computed by dividing the net income by the weighted-average number of shares outstanding during the period. The potential dilution from the exercise of stock options is not material. The shares held in The Pittston Company Employee Benefits Trust (Note 10) are not included in the net income per share calculations as they were evaluated for inclusion in those calculations under the treasury stock method and had no dilutive effect.

Foreign Currency Translation
Assets and liabilities of foreign operations have been translated at current exchange rates, and related revenues and expenses have been translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments have been included in shareholder's equity. Translation adjustments relating to operations in countries with highly inflationary economies are included in net income, along with all transaction gains and losses for the period.

A portion of the Brink's Group's financial results is derived from activities in several foreign countries, each with a local currency other than the U.S. dollar. Because the financial results of the Brink's Group are reported in U.S. dollars, they are affected by the changes in the value of various foreign currencies in relation to the U.S. dollar. However, the Brink's Group's international activity is not concentrated in any single currency, which reduces the risks of foreign currency rate fluctuations.

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. Installation fee revenues are recognized to the extent of direct selling costs incurred and expensed. Installation fee revenues in excess of direct selling costs are deferred and recognized as income on a straight-line basis over ten years.

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
In 1996, the Brink's Group adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 requires companies to review for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. The adoption of this statement did not have an impact on the Brink's Group's financial statements.

In 1996 the Brink's Group also adopted SFAS No. 123, "Accounting for Stock Based Compensation". SFAS No. 123 establishes financial accounting and reporting standards for stock-based employee compensation plans. SFAS No. 123 allows for the adoption of a fair value based method of accounting for all employee stock compensation plans or it allows entities to continue to measure compensation cost for those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees". APB No. 25 requires the disclosure of net income and net income per share as if the fair value based method of accounting is applied. The Brink's Group has elected to continue to account for its stock compensation plans according to APB No. 25 with the disclosure of the impact on net income and net income per share as if the fair value based method of accounting is applied (Note 9).

2. RELATED PARTY TRANSACTIONS

The following policies may be modified or rescinded by action of the Board of Directors (the "Board"), or the Board may adopt additional policies, without approval of the shareholders of the Company, although the Board has no present intention to do so. The Company allocated certain corporate general and administrative expenses, net interest expense and related assets and liabilities in accordance with the policies described below. Corporate assets and liabilities are primarily deferred pension assets, income taxes and accrued liabilities.

Financial
As a matter of policy, the Company manages most financial activities of the Brink's Group, Burlington Group and Minerals Group on a centralized, consolidated basis. Such financial activities include the investment of surplus cash; the issuance, repayment and repurchase of short-term and long-term debt; the issuance and repurchase of common stock and the payment of dividends. In preparing these financial statements, transactions primarily related to invested cash, short-term and long-term debt (including convertible debt), related net interest and other financial costs have been attributed to the Brink's Group based upon its cash flows for the periods presented after giving consideration to the debt and equity structure of the Company. The Company attributes long-term debt to the Brink's Group based upon the purpose for the debt in addition to the cash requirements of the Brink's Group. At December 31, 1996 and 1995, none of the long-term debt of the Company was attributed to the Brink's Group. The portion of the Company's interest expense allocated to the Brink's Group for 1996, 1995 and 1994 was $106, $120 and $176, respectively. Management believes such method of allocation to be equitable and a reasonable estimate of the cost attributable to the Brink's Group.

To the extent borrowings are deemed to occur between the Brink's Group, the Burlington Group and the Minerals Group, intergroup accounts are established bearing interest at the rate in effect from time to time under the Company's unsecured credit lines or, if no such credit lines exist, at the prime rate charged by Chase Manhattan Bank from time to time. At December 31, 1996 and 1995, the Minerals Group owed the Brink's Group $24,027 and $17,945, respectively, as the result of borrowings.

Income Taxes
The Brink's Group is included in the consolidated U.S. federal income tax return filed by the Company.

The Company's consolidated provision and actual cash payments for U.S. federal income taxes are allocated between the Brink's Group, Burlington Group and Minerals Group in accordance with the Company's tax allocation policy and reflected in the financial statements for each Group. In general, the consolidated tax provision and related tax payments or refunds are allocated among the Groups, for financial statement purposes, based principally upon the financial income, taxable income, credits and other amounts directly related to the respective Group. Tax benefits that cannot be used by the Group generating such attributes, but can be utilized on a consolidated basis, are allocated to the Group that generated such benefits and an intergroup account is established for the benefit of the Group generating the attributes. As a result, the allocated Group amounts of taxes payable or refundable are not necessarily comparable to those that would have resulted if the Groups had filed separate tax returns. At December 31, 1996 and 1995, the Brink's Group owed the Minerals Group $18,760 and $21,844, respectively, for such tax benefits, of which $8,760 and $7,844, respectively, were not expected to be paid within one year from such dates in accordance with the policy. The Brink's Group paid the Minerals Group $14,470 in 1996 and $10,172 in 1995 for the utilization of such tax benefits.

Shared Services
A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Brink's Group based upon utilization and other methods and

criteria which management believes to be equitable and a reasonable estimate of the cost attributable to the Brink's Group. These allocations were $7,457, $4,770 and $4,666 in 1996, 1995 and 1994, respectively.

Pension

The Brink's Group's pension cost related to its participation in the Company's noncontributory defined benefit pension plan is actuarially determined based on its respective employees and an allocable share of the pension plan assets and calculated in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" ("SFAS 87"). Pension plan assets have been allocated to the Brink's Group based on the percentage of its projected benefit obligation to the plan's total projected benefit obligation. Management believes such method of allocation to be equitable and a reasonable estimate of the cost attributable to the Brink's Group.

3. SHAREHOLDER'S EQUITY

The following presents shareholder's equity of the Brink's Group:

	As of December 31		
	1996	1995	1994
Balance at beginning of period	$ 258,805	215,531	175,219
Net income	59,695	51,093	41,489
Foreign currency translation adjustment	(1,423)	(6,808)	(25)
Stock options exercised	1,940	1,114	3,730
Stock released from employee benefits trust to employee benefits plan	5,633	3,371	899
Other	--	--	216
Stock repurchases	(6,936)	(2,303)	(4,146)
Dividends declared	(3,902)	(3,437)	(3,404)
Cost of Stock Proposals	(1,238)	--	(1)
Tax benefit of options exercised	804	244	1,554
Balance at end of period	$ 313,378	258,805	215,531

The cumulative foreign currency translation adjustment deducted from shareholder's equity is $21,467, $20,044 and $13,236 at December 31, 1996, 1995 and 1994, respectively.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consist of the following:

	As of December 31	
	1996	1995
Land	$ 5,463	4,461
Buildings	78,999	69,135
Machinery and equipment	413,038	355,481
Total	$497,500	429,077

The estimated useful lives for property, plant and equipment are as follows:

	Years
Buildings	10 to 50
Machinery and equipment	2 to 20

Depreciation of property, plant and equipment aggregated $53,285 in 1996, $42,853 in 1995, $35,992 in 1994.

Changes in capitalized subscriber installation costs for home security systems included in machinery and equipment were as follows:

	Years Ended December 31		
	1996	1995	1994
Capitalized subscriber installation costs--beginning of year	$ 105,336	81,445	65,785
Capitalized cost of security system installations	57,194	44,488	32,309
Depreciation, including amounts recognized to fully depreciate capitalized costs for installations disconnected during the year	(27,680)	(20,597)	(16,649)
Capitalized subscriber installation costs--end of year	$ 134,850	105,336	81,445

New subscribers were approximately 98,500 in 1996, 82,600 in 1995, and 75,200 in 1994.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security system installations. This change in accounting principle is preferable because it more accurately reflects subscriber installation costs. The additional costs not previously capitalized consisted of costs for installation labor and related benefits for supervisory, installation scheduling, equipment testing and other support personnel (in the amount of $2,517 in 1996, $2,712 in 1995 and $2,645 in 1994) and costs incurred for maintaining facilities and vehicles dedicated to the installation process (in the amount of $2,022 in 1996, $1,813 in 1995 and $1,492 in 1994). The effect of this change in accounting principle was to increase operating profit of the Brink's Group in 1996, 1995 and 1994 by $4,539, $4,525 and $4,137, respectively, and net income of the Brink's Group in 1996, 1995 and 1994 by $2,723, $2,720 and $2,486, respectively, or by $0.07 per share in 1996, 1995 and 1994. Prior to January 1, 1992, the records needed to identify such costs were not available. Thus, it was impossible to accurately calculate the effect on retained earnings as of January 1, 1992. However, the Brink's Group believes the effect on retained earnings as of January 1, 1992, was immaterial.

Because capitalized subscriber installation costs for prior periods were not adjusted for the change in accounting principle, installation costs for subscribers in those years will continue to be depreciated based on the lesser amounts capitalized in prior periods. Consequently, depreciation of capitalized subscriber installation costs in the current year and until such capitalized costs prior to January 1, 1992 are fully depreciated will be less than if such prior periods' capitalized costs had been adjusted for the change in accounting. However, the Brink's Group believes the effect on net income in 1996, 1995 and 1994 was immaterial.

5. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $8,778 at December 31, 1996 and $7,793 at December 31, 1995. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $967 in 1996, $958 in 1995 and $882 in 1994.

6. FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Brink's Group to concentrations of credit risk consist principally of cash and cash equivalents, short-term cash investments and trade receivables. The Brink's Group's cash and cash equivalents and short-term investments are placed with high credit quality financial institutions. Also, by policy, the amount of credit exposure to any one financial institution is limited. Concentration of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Brink's Group's customer base, and their dispersion across many geographic areas.

The following details the fair values of financial instruments for which it is practicable to estimate the value:

Cash and cash equivalents and short-term investments
The carrying amounts approximate fair value because of the short maturity of these instruments.

Accounts receivable, accounts payable and accrued liabilities
The carrying amounts approximate fair value because of the short-term nature of these instruments.

Debt
The aggregate fair value of the Brink's Group's long-term debt obligations, which is based upon quoted market prices and rates currently available to the Brink's Group for debt with similar terms and maturities, approximates the carrying amount.

Off-balance sheet instruments
The Brink's Group utilizes off-balance sheet financial instruments from time to time to hedge its foreign currency and exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. The Brink's Group does not expect any losses due to such counterparty default.

7. INCOME TAXES

The provision (credit) for income taxes consists of the following:

	U.S. Federal	Foreign	State	Total
1996:				
Current	$18,079	8,830	3,100	30,009
Deferred	1,634	(1,760)	188	62
Total	$19,713	7,070	3,288	30,071
1995:				
Current	$16,010	4,615	2,993	23,618
Deferred	972	(1,550)	(374)	(952)
Total	$16,982	3,065	2,619	22,666
1994:				
Current	$12,085	2,873	2,686	17,644
Deferred	2,188	1,608	532	4,328
Total	$14,273	4,481	3,218	21,972

The significant components of the deferred tax expense (benefit) were as follows:

	Years Ended December 31		
	1996	1995	1994
Deferred tax expense (benefit), exclusive of the components listed below	$ 1,479	1,550	2,892
Net operating loss carryforwards	(1,851)	(790)	449
Alternative minimum tax credits	434	(1,712)	1,084
Change in the valuation allowance for deferred tax assets	--	--	(97)
Total	$ 62	(952)	4,328

The tax benefit for compensation expense related to the exercise of certain employee stock options for tax purposes in excess of compensation expense for financial reporting purposes is recognized as an adjustment to shareholder's equity.

The components of the net deferred tax liability as of December 31, 1996 and December 31, 1995 were as follows:

	1996	1995
Deferred tax assets:		
Accounts receivable	$ 1,815	1,417
Postretirement benefits other than pensions	2,191	2,028
Workers' compensation and other claims	6,208	5,180
Other liabilities and reserves	14,718	13,561
Miscellaneous	1,113	1,015
Net operating loss carryforwards	5,206	3,355
Alternative minimum tax credits	11,149	11,245
Total deferred tax assets	42,400	37,801
Deferred tax liabilities:		
Property, plant and equipment	25,857	22,063
Pension assets	15,287	15,031
Other assets	2,791	2,929
Investments in foreign affiliates	10,090	11,478
Miscellaneous	10,313	9,602
Total deferred tax liabilities	64,338	61,103
Net deferred tax liability	$21,938	23,302

The recording of deferred federal tax assets is based upon their expected utilization in the Company's consolidated federal income tax return and the benefit that would accrue to the Brink's Group under the Company's tax allocation policy.

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory U.S. federal income tax rate of 35% in 1996, 1995 and 1994 to the income before income taxes.

	Years Ended December 31		
	1996	1995	1994
Income before income taxes:			
United States	$ 63,569	59,507	47,419
Foreign	26,197	14,252	16,042

Total	$ 89,766	73,759	63,461
Tax provision computed at statutory rate	$ 31,418	25,816	22,211
Increases (reductions) in taxes due to:			
State income taxes (net of federal tax benefit)	2,137	1,702	2,092
Difference between total taxes on foreign income and the U.S. federal statutory rate	(4,149)	(5,528)	(3,259)
Miscellaneous	665	676	928
Actual tax provision	$ 30,071	22,666	21,972

It is the policy of the Brink's Group to accrue deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries and affiliates which are expected to reverse in the foreseeable future. As of December 31, 1996 and December 31, 1995, the unrecognized deferred tax liability for temporary differences of approximately $26,963 and $29,531, 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 $9,437 and $10,336, respectively.

The Brink's Group is included in the Company's consolidated U.S. federal income tax return.

As of December 31, 1996, the Brink's Group had $11,149 of alternative minimum tax credits allocated to it under the Company's tax allocation policy. Such credits are available to offset future U.S. federal income taxes and, under current tax law, the carryforward period for such credits is unlimited.

The tax benefits of net operating loss carryforwards of the Brink's Group as at December 31, 1996 were $5,206 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

8. LONG-TERM DEBT

Total long-term debt of the Brink's Group consists of the following:

	As of December 31 1996	1995
Senior obligations:		
U.S. dollar term loan due 1996 (year-end rate 6.44% in 1995)	$ --	1,582
All other	2,566	2,150
	2,566	3,732
Obligations under capital leases (average rates 15.24% in 1996 and 13.55% in 1995)	2,976	2,063
Total long-term debt, less current maturities	5,542	5,795
Current maturities of long-term debt:		
Other senior obligations	331	1,083
U.S. dollar term loan due 1996	--	1,869
Capital leases	1,808	1,165
Total current maturities of long-term debt	2,139	4,117
Total long-term debt including current maturities	$7,681	9,912

For the four years through December 31, 2001, minimum repayments of long-term debt outstanding are as follows:

1998	$2,268
1999	943
2000	632
2001	480

The Company has a $350,000 revolving credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. During the second quarter of 1996, the maturity date of both the term loan and the revolving credit portion of the Facility was extended to May 31, 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31, 1996, borrowings, in addition to the $100,000 term loan of $23,200 were outstanding. No portion of the total amount outstanding under the Facility at December 31, 1996 or December 31, 1995 was attributed to the Brink's Group.

Various international operations maintain lines of credit and overdraft facilities aggregating approximately $14,800 with a number of banks on either a secured or unsecured basis. At December 31, 1996, $1,751 was outstanding under such agreements.

Under the terms of some of its debt instruments, the Company has agreed to various restrictions relating to the payment of dividends, the repurchase of capital stock, the maintenance of consolidated net worth, and the amount of additional funded debt which may be incurred. Allowable restricted payments for dividends and stock repurchases aggregated $255,810 at December 31, 1996. Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $560,000.

At December 31, 1996, the Company's portion of outstanding unsecured letters of credit allocated to the Brink's Group was $15,684, primarily supporting the Brink's Group's obligations under its various self-insurance programs.

9. STOCK OPTIONS

The Company has various stock-based compensation plans as described below.

Stock Option Plans

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1996, 1995 and 1994 have a maximum term of six years and vest 100% at the end of the third year. The Non-Employee Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1996, 1995 and 1994 have a maximum term of six years and vest ratably over the first three years. The total number of Brink's shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 2,460,981. Under the Non-Employee Plan, the total number of shares underlying options authorized for grant, but not yet granted, is 137,879.

The Company's 1979 Stock Option Plan (the "1979 Plan") and the 1985 Stock Option Plan (the "1985 Plan") terminated in 1985 and 1988, respectively, except as to options still outstanding.

As part of the Brink's Stock Proposal (Note 1), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or Burlington Stock in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383,422 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such plans, the Company converted these options into options for shares of Brink's Stock or Burlington Stock, or both, depending on the employment status and responsibilities of the particular optionee. In the case of optionees having Company-wide responsibilities, each outstanding Services Stock option was converted into options for both Brink's Stock and Burlington Stock. In the case of other optionees, each outstanding option was converted into a new option only for Brink's Stock or Burlington Stock, as the case may be. As a result, upon approval of the Brink's Stock Proposal, 1,749,822 shares of Brink's Stock and 1,989,466 shares of Burlington Stock were subject to options.

The table below summarizes the related plan activity.

	Shares	Aggregate Exercise Price
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,749,822	26,865
Granted	369,000	9,527
Exercised	(166,211)	(1,800)
Forfeited or expired	(37,090)	(734)
Outstanding at December 31, 1996	1,915,521	$ 33,858

Options exercisable at the end of 1996, 1995 and 1994, respectively, for Brink's Stock, on an equivalent basis, were 1,098,836, 957,063 and 770,677.

The following table summarizes information about stock options outstanding as of December 31, 1996.

	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
$ 6.2 to 9.87	439,537	2.55	$ 9.29	439,537	$ 9.29
10.5 to 13.79	119,521	3.16	11.77	119,521	11.77
16.7 to 21.34	994,963	3.63	19.98	539,778	21.23
25.5 to 29.50	361,500	5.38	25.82	--	N/A
Total	1,915,521				1,098,836

Employee Stock Purchase Plan

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 750,000 shares of Brink's Stock to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold

44,660 shares and 57,135 shares of Brink's Stock to employees during 1996 and 1995, respectively. The share amounts for Brink's Stock include the restatement for the Services Stock conversion under the Brink's Stock Proposal (Note 1).

Accounting For Plans
The Company has adopted the disclosure - only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", but applies APB Opinion No. 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the accompanying financial statements. Had compensation costs for the Company's plans been determined based on the fair value of awards at the grant dates, consistent with SFAS No. 123, the Brink's Group's net income and net income per share would approximate the pro forma amounts indicated below:

	Years Ended December 31 1996	1995
Net Income attributed to common shares		
Brink's Group		
As Reported	$ 59,695	51,093
Pro Forma	58,389	50,432
Net Income per common share		
Brink's Group		
As Reported	1.56	1.35
Pro Forma	1.53	1.33

Note: The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

The fair value of each stock option grant used to compute pro forma net income and earnings per share disclosures is estimated at the time of the grant using the Black-Scholes option-pricing model. The weighted-average assumptions used in the model are as follows:

	1996	1995
Expected dividend yield	0.4%	0.4%
Expected volatility	30%	30%
Risk-free interest rate	6.3%	5.8%
Expected term (in years)	4.7	4.7

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1996 and 1995 is $3,341 and $2,317, respectively.

Under SFAS 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1996 and 1995 was $224 and $330, respectively, for the Brink's Group.

10. CAPITAL STOCK

The Company, at any time, has the right to exchange each outstanding share of Burlington Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of Burlington Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Burlington Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Burlington Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of Burlington Stock.

The Company, at any time has the right, to exchange each outstanding share of Minerals Stock, which was previously subject to exchange for shares of Services Stock, for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Burlington Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Minerals Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Burlington Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. If any shares of the Company's Preferred Stock are converted after an exchange of Minerals Stock for Brink's Stock (or Burlington Stock), the holder of such Preferred Stock would, upon conversion, receive shares of Brink's Stock (or Burlington Stock) in lieu of shares of Minerals Stock otherwise issuable upon such conversion.

Shares of Brink's Stock are not subject to either optional or mandatory exchange. The net proceeds of any disposition of properties and assets of the Brink's Group will be attributed to the Brink's Group. In the case of a disposition of all or substantially all the properties and assets of any other group, the net proceeds will be attributed to the group the shares of which have been issued in exchange for shares of the selling group.

Holders of Brink's Stock at all times have one vote per share. Holders of Burlington Stock and Minerals Stock have one and 0.626 votes per share, respectively, subject to adjustment on January 1, 1998, and on January 1 every two years thereafter in such a manner that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of Burlington Stock and Minerals Stock may have more than, less than or continue to have the number of votes per share as they have. Holders of Brink's Stock, Burlington Stock and Minerals Stock vote together as a single voting group on all matters as to which all common shareholders are entitled to vote. In addition, as prescribed by Virginia law, certain amendments to the Articles of Incorporation affecting, among other things, the designation, rights, preferences or limitations of one class of common stock, or certain mergers or statutory share exchanges, must be approved by the holders of such class of common stock, voting as a group, and, in certain circumstances, may also have to be approved by the holders of the other classes of common stock, voting as separate voting groups.

In the event of a dissolution, liquidation or winding up of the Company, the holders of Brink's Stock, Burlington Stock and Minerals Stock, effective January 19, 1996, share on a per share basis an aggregate amount equal to 55%, 28% and 17%, respectively, of the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage has been set, using a nominal number of shares of Minerals Stock of 4,202,954 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding, to ensure that the holders of Minerals Stock are entitled to the same share of any such funds immediately following the consummation of the transactions as they were prior thereto. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, Burlington 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).

In November 1995, the Board of Directors (the "Board") authorized a revised share repurchase program which allowed for the purchase , from time to time, of up to 1,500,000 shares of Brink's Stock not to exceed an aggregate purchase price of $45,000 for all common stock of the Company; such shares to be purchased from time to time in the open market or in private transactions, as conditions warrant. During 1996, 278,000 shares of Brink's Stock were repurchased at a cost of $6,937. The program to repurchase shares remains in effect in 1997.

Dividends paid to holders of Brink's Stock are limited to funds of the Company legally available for the payment of dividends. Amounts available for dividends may be further limited by covenants in the Company's public debt indentures and bank credit agreements. See the Company's consolidated financial statements and related footnotes. Subject to these limitations, the Company's Board, although there is no requirement to do so, intends to declare and pay dividends on the Brink's Stock based primarily on the earnings, financial condition, cash flow and business requirements of the Brink's Group.

The Company has the authority to issue up to 2,000,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80,500 or 161,000 shares of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock, which is convertible into Minerals Stock and which has been attributed to the Minerals Group, pays an annual dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available therefore, when as and if, declared by the Board. Payment of dividends commenced on March 1, 1994. Such stock also bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon.

In 1994, the Board authorized the repurchase from time to time of up to $15,000 of Convertible Preferred Stock. Subsequent to the authorization and through October 1995, 24,720 shares at a total cost of $9,624 had been repurchased, of which 16,370 shares at a total cost of $6,258 were purchased in 1995. In November 1995, the Board authorized an increase in the remaining authority to $15,000. No additional share repurchases were made during the remainder of 1995 subsequent to the increased authorization. In 1996, 20,920 shares at a total cost of $7,897 were repurchased. The program to acquire shares remains in effect in 1997, and in February 1997, the Board authorized an increase in the remaining repurchase authority to $15 million.

In 1996 and 1995, dividends paid on such stock amounted to $3,795 and $4,341, respectively. Preferred dividends included on the Company's Statements of Operations for the years ended December 31, 1996 and 1995, are net of $2,120 and $1,579, respectively, which was the excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders of the stock for repurchases made during the year.

In December 1992, the Company formed the Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock to fund obligations under certain employee benefits programs not including stock option plans. The trust first began funding obligations under the Company's various stock option plans in September 1995. Upon formation of the Trust, the Company sold for a promissory note of the Trust, 4,000,000 shares of its common stock to the Trust at a price equal to the fair value of the stock on the date of sale. Upon approval of the Brink's Stock Proposal, 3,537,811 shares in the Trust were redesignated as Brink's Stock. At December 31, 1996, 3,141,493 shares of Brink's Stock (3,552,906 in 1995) remained in the Trust, valued at market. The value of these shares has no impact on shareholder's equity.

11. LEASES

The Brink's Group's businesses lease facilities, vehicles, computers and other equipment under long-term operating leases with varying terms, and most of the leases contain renewal and/or purchase options. As of December 31, 1996, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Facilities	Equipment & Other	Total
1997	$15,667	3,460	19,127
1998	13,725	2,852	16,577
1999	9,973	1,552	11,525
2000	7,902	837	8,739
2001	7,156	330	7,486
2002	6,373	141	6,514
2003	6,132	139	6,271
2004	6,112	--	6,112
2005	6,078	--	6,078
Later Years	14,195	--	14,195
Total	$93,313	9,311	102,624

These amounts are net of aggregate future minimum non-cancelable sublease rentals of $1,514.

Net rent expense amounted to $25,499 in 1996, $23,469 in 1995 and $17,419 in 1994.

The Brink's Group incurred capital lease obligations of $1,923 in 1996, $648 in 1995 and $1,651 in 1994. As of December 31, 1996, the Brink's Group's obligations under capital leases were not significant (Note 8).

12. EMPLOYEE BENEFIT PLANS

The Brink's Group's businesses participate in the Company's noncontributory defined benefit pension plan covering substantially all nonunion employees who meet certain minimum requirements in addition to sponsoring certain other defined benefit plans. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The Brink's Group's pension cost relating to its participation in the Company's defined benefit pension plan is actuarially determined based on its respective employees and an allocable share of the pension plan assets. The Company's policy is to fund the actuarially determined amounts necessary to provide assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations. The net pension expense (credit) for 1996, 1995 and 1994 for all plans is as follows:

	Years Ended December 31		
	1996	1995	1994
Service cost--benefits earned during year	$ 7,125	5,031	5,551
Interest cost on projected benefit obligation	9,788	8,719	7,838
Return on assets--actual	(23,485)	(28,019)	(1,750)
(Loss) return on assets--deferred	8,643	14,717	(10,910)
Other amortization, net	(243)	(505)	(472)
Net pension expense (credit)	$ 1,828	(57)	257

The assumptions used in determining the net pension expense (credit) for the Company's primary pension plan were as follows:

	Years Ended December 31		
	1996	1995	1994
Interest cost on projected benefit obligation	7.5%	8.75%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Rate of increase in compensation levels	4.0%	4.0%	4.0%

The funded status and prepaid pension expense at December 31, 1996 and 1995 are as follows:

	1996	1995
Actuarial present value of accumulated benefit obligation:		
Vested	$ 112,224	104,120
Nonvested	8,978	8,282
	121,202	112,402
Benefits attributable to projected salaries	21,714	18,966
Projected benefit obligation	142,916	131,368
Plan assets at fair value	177,837	159,555
Excess of plan assets over projected benefit obligation	34,921	28,187
Unamortized initial net asset	(2,318)	(2,918)
Unrecognized experience (gain) loss	(1,122)	6,781
Unrecognized prior service cost	1,158	1,385
Net pension assets	32,639	33,435
Current pension liabilities	1,031	488
Deferred pension assets per balance sheet	$ 33,670	33,923

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 8% in 1996 and 7.5% in 1995. The expected long-term rate of return on assets was 10% in both years. The rate of increase in compensation levels used was 4% in 1996 and 1995.

The unrecognized initial net asset at January 1, 1986 (January 1, 1989, for certain foreign pension plans), the date of adoption of SFAS 87, has been amortized over the estimated remaining average service life of the employees. As of December 31, 1996, approximately 64% of plan assets were invested in equity securities and 36% in fixed income securities.

The Brink's Group also provides certain postretirement health care and life insurance benefits for eligible active and retired employees in the United States and Canada.

For the years 1996, 1995 and 1994, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31 1996	1995	1994
Service cost--benefits earned during the year	$ 92	68	86
Interest cost on accumulated postretirement benefit obligation	248	240	232
Total expense	$340	308	318

Interest costs on the accumulated postretirement benefit obligation were based upon rates of 7.5% in 1996, 8.75% in 1995 and 7.5% in 1994.

At December 31, 1996 and 1995, the actuarial and recorded liabilities for these postretirement benefits, none of which have been funded, were as follows:

	Years Ended December 31 1996	1995
Accumulated postretirement benefit obligation:		
Retirees	$1,566	1,632
Fully eligible active plan participants	791	777
Other active plan participants	1,155	1,195
	3,512	3,604
Unrecognized experience gain	605	155
Liability included on the balance sheet	4,117	3,759
Less current portion	282	284
Noncurrent liability for postretirement health care and life insurance benefits	$3,835	3,475

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 8% in 1996 and 7.5% in 1995. The postretirement benefit obligation for U.S. salaried employees does not provide for changes in health care costs since the employer's contribution to the plan is a fixed amount. The assumed health care cost trend rate used in 1996 for employees under a foreign plan was 8.24% grading down to 5% in the year 2001.

The Brink's Group also participates in the Company's Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 75% to 125% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue

Code of 1986, as amended). Contribution expense under the plan aggregated $3,612 in 1996, $2,794 in 1995 and $2,706 in 1994.

13. OTHER OPERATING INCOME

Other operating income includes the Brink's Group's share of net income of unconsolidated affiliated companies carried on the equity method of $1,941, $136 and $6,048 for 1996, 1995 and 1994, respectively.

Summarized financial information presented includes the accounts of the following equity affiliates(a):

	Ownership At December 31, 1996
Servicio Pan Americano De Protecion, S.A. (Mexico)	20.0%
Brink's Panama, S.A.	49.0%
Brink's S.A. (France)	38.0%
Brink's Schenker, GmbH (Germany)	50.0%
Brink's Securmark S.p.A. (Italy)	24.5%
Security Services (Brink's Jordan), W.L.L.	45.0%
Brink's-Allied Limited (Ireland)	50.0%
Brink's Arya India Private Limited	40.0%
Brink's Pakistan (Pvt.) Limited	49.0%
Brink's Taiwan Limited	50.0%
Brink's (Thailand) Ltd.	40.0%

	1996	1995	1994
Revenues	$660,916	715,423	784,699
Gross profit	73,632	58,661	147,468
Net income (loss)	10,427	(6,048)	22,661
Current assets	171,336	155,687	149,367
Noncurrent assets	197,642	218,019	291,085
Current liabilities	168,986	209,016	135,824
Noncurrent liabilities	109,972	80,860	156,375
Net equity	90,020	83,830	148,253

(a) Also includes amounts related to equity affiliates who were either sold prior to December 31, 1996 or became consolidated affiliates through increased ownership prior to December 31, 1996.

Undistributed earnings of such companies approximated $31,000 at December 31, 1996.

14. SEGMENT INFORMATION

Operating revenues by geographic area are as follows:

	Years Ended December 31 1996	1995	1994
United States	$528,362	464,738	406,828
Brazil	123,237	106,678	70,492
Other international	258,214	216,979	179,673
Total operating revenues	$909,813	788,395	656,993

The following is derived from the business segment information in the Company's consolidated financial statements as it relates to the Brink's Group. See Note 2, Related Party Transactions, for a description of the Company's policy for corporate allocations.

The Brink's Group's portion of the Company's operating profit is as follows:

	Years Ended December 31 1996	1995	1994
United States	$ 70,701	63,362	51,343
Brazil	6,943	5,329	3,162
Other international	24,051	13,553	17,637
Brink's Group's portion of the Company's segment operating profit	101,695	82,244	72,142
Allocated general corporate expense	(7,457)	(4,770)	(4,666)
Total operating profit	$ 94,238	77,474	67,476

The Brink's Group's portion of the Company's assets at year end is as follows:

	Years Ended December 31 1996	1995	1994
United States	$280,687	240,397	203,364
Brazil	34,976	29,492	25,843
Other international	175,251	167,834	155,981
Brink's Group's portion of the Company's assets	490,914	437,723	385,188
Brink's Group's portion of corporate assets	35,409	24,697	24,503
Deferred tax reclass	25,342	22,306	17,196
Total assets	$551,665	484,726	426,887

Industry segment information is as follows:

	Years Ended December 31		
	1996	1995	1994
Revenues:			
Brink's	$ 754,011	659,459	547,046
BHS	155,802	128,936	109,947
Total revenues	$ 909,813	788,395	656,993
Operating Profit:			
Brink's (a)	$ 56,823	42,738	39,710
BHS (b)	44,872	39,506	32,432
Segment operating profit	101,695	82,244	72,142
Allocated general corporate expense	(7,457)	(4,770)	(4,666)
Total operating profit	$ 94,238	77,474	67,476

(a) Includes equity in net income of unconsolidated foreign affiliates of $1,941 in 1996, $136 in 1995 and $6,048 in 1994 (Note 13).

(b) As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs. The effect of this change in accounting principle was to increase operating profit $4,539 in 1996, $4,525 in 1995 and $4,137 in 1994 (Note 4).

	As of December 31 1996	1995	1994
Capital Expenditures:			
Brink's	$ 34,072	23,063	23,963
BHS	61,522	47,256	34,071
Allocated general corporate	2,083	111	60
Total capital expenditures	$ 97,677	70,430	58,094
Depreciation and Amortization:			
Brink's	$ 24,293	21,844	20,553
BHS	30,115	22,408	17,817
Allocated general corporate expense	158	105	93
Total depreciation and amortization	$ 54,566	44,357	38,463
Assets at December 31:			
Brink's	340,922	321,022	297,816
BHS	149,992	116,701	87,372
Identifiable assets	490,914	437,723	385,188
Allocated portion of the Company's corporate assets	35,409	24,697	24,503
Deferred tax reclass	25,342	22,306	17,196
Total assets	$551,665	484,726	426,887

15. CONTINGENT LIABILITIES

Under the Coal Industry Retiree Health Benefit Act of 1992 (the "Act"), the Company and its majority-owned subsidiaries at July 20, 1992, including certain companies of the Brink's Group included in these financial statements, are jointly and severally liable with the Burlington Group and of the Minerals Group for the costs of certain companies of health care coverage provided for by that Act. For a description of the Act and an estimate of certain of such costs, see Note 13 to the Company's consolidated financial statements. At this time, the Company expects the Minerals Group to generate sufficient cash flow to discharge its obligations under the Act.

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,900 and $17,000 over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The clean-up estimates have been modified from prior years' in light of cost inflation. 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, unforseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. The Company has appealed the District Court's decision to the Third Circuit. However, management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, it is the Company's belief that, based on estimates of potential liability and probable realization of insurance recoveries, the Company would be liable for approximately $1,400 based on the Court's decision and related developments of New Jersey law.

16. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1996, 1995 and 1994, cash payments for income taxes, net of refunds received, were $33,718, $22,352 and $19,277, respectively.

For the years ended December 31, 1996, 1995 and 1994, cash payments for interest were $1,825, $1,663 and $2,502, respectively.

17. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1996 and 1995.

	1st	2nd	3rd	4th
1996 Quarters:				

Operating revenues	$212,560	222,055	232,022	243,176
Gross profit	49,994	52,613	57,043	62,988
Net income	11,839	14,034	15,841	17,981
Per Pittston Brink's Group Common Share:				
Net income	$ .31	.37	.41	.47
1995 Quarters:				
Operating revenues	$179,400	185,606	208,958	214,431
Gross profit	39,876	44,242	50,803	53,791
Net income	9,546	11,965	14,613	14,969
Per Pittston Brink's Group Common Share:				
Net income	$ .25	.32	.39	.39

STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The Pittston Company (the "Company") is responsible for preparing the accompanying Pittston Burlington Group (the "Burlington Group") financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles. Management has also prepared the other information in the annual report and is responsible for its accuracy.

In meeting our responsibility for the integrity of the financial statements, we maintain a system of internal controls designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorization and that the accounting records provide a reliable basis for the preparation of the financial statements. Qualified personnel throughout the organization maintain and monitor these internal controls on an ongoing basis. In addition, the Company maintains an internal audit department that systematically reviews and reports on the adequacy and effectiveness of the controls, with management follow-up as appropriate.

Management has also established a formal Business Code of Ethics which is distributed throughout the Company. We acknowledge our responsibility to establish and preserve an environment in which all employees properly understand the fundamental importance of high ethical standards in the conduct of our business.

The accompanying financial statements have been audited by KPMG Peat Marwick 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 Burlington Group's financial statements.

The Company's Board of Directors pursues its oversight role with respect to the Burlington Group's financial statements through the Audit and Ethics Committee, which is composed solely of outside directors. The Committee meets periodically with the independent auditors, internal auditors and management to review the Company's control system and to ensure compliance with applicable laws and the Company's Business Code of Ethics.

We believe that the policies and procedures described above are appropriate and effective and do enable us to meet our responsibility for the integrity of the Burlington Group's financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying balance sheets of Pittston Burlington Group (as described in Note 1) as of December 31, 1996 and 1995, and the related statements of operations and cash flows for each of the years in the three-year period ended December 31, 1996. These financial statements are the responsibility of The Pittston Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements of Pittston Burlington Group present fairly, in all material respects, the financial position of Pittston Burlington Group as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1996, in conformity with generally accepted accounting principles.

As more fully discussed in Note 1, the financial statements of Pittston Burlington Group should be read in connection with the audited consolidated financial statements of The Pittston Company and subsidiaries.

KPMG PEAT MARWICK LLP

KPMG Peat Marwick LLP
Stamford, Connecticut

January 23, 1997

Pittston Burlington Group

BALANCE SHEETS

(In thousands)	December 31 1996	1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 17,818	25,847
Accounts receivable:		
Trade	240,905	218,081
Other	11,277	11,973
	252,182	230,054
Less estimated amount uncollectible	9,528	10,373
	242,654	219,681
Receivable--Pittston Minerals Group (Note 2)	--	5,910
Inventories	2,251	1,684
Prepaid expenses	12,459	13,603
Deferred income taxes (Note 7)	7,847	11,512
Total current assets	283,029	278,237
Property, plant and equipment, at cost (Note 4)	176,183	128,440
Less accumulated depreciation and amortization	62,900	56,269
	113,283	72,171
Intangibles, net of amortization (Note 5)	177,797	180,739
Deferred pension assets (Note 12)	9,504	10,427
Deferred income taxes (Note 7)	19,015	12,875
Other assets	13,046	17,628
Total assets	$615,674	572,077
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term borrowings	$ 29,918	32,181
Current maturities of long-term debt (Note 8)	2,916	1,964
Accounts payable	155,474	157,770
Payable--Pittston Minerals Group (Note 2)	3,270	--
Accrued liabilities:		
Taxes	6,343	13,760
Workers' compensation and other claims	2,614	4,059
Payroll and vacation	10,207	8,837
Miscellaneous (Note 12)	48,135	35,655
	67,299	62,311
Total current liabilities	258,877	254,226
Long-term debt, less current maturities (Note 8)	28,723	26,697
Postretirement benefits other than pensions (Note 12)	3,145	2,713
Deferred income taxes (Note 7)	1,880	1,996
Payable--Pittston Minerals Group (Note 2)	13,310	8,029
Other liabilities	4,750	6,563
Commitments and contingent liabilities (Notes 8, 11 and 14)		
Shareholder's equity (Notes 3, 9 and 10)	304,989	271,853
Total liabilities and shareholder's equity	$615,674	572,077

See accompanying notes to financial statements.

Pittston Burlington Group

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1996	1995	1994
Operating revenue	$ 1,500,318	1,414,821	1,215,284
Costs and expenses:			
Operating expenses	1,317,423	1,245,721	1,043,895
Selling, general and administrativeexpenses	127,254	117,980	110,036
Total costs and expenses	1,444,677	1,363,701	1,153,931
Other operating income, net	1,530	2,833	3,206
Operating profit	57,171	53,953	64,559
Interest income	2,463	4,430	2,127
Interest expense (Note 2)	(4,097)	(5,108)	(3,847)
Other expense, net	(2,028)	(1,702)	(1,629)
Income before income taxes	53,509	51,573	61,210
Provision for income taxes (Note 7)	19,708	18,718	22,854
Net income	$ 33,801	32,855	38,356
Net income per common share (Note 1)	$ 1.76	1.73	2.03
Average common shares outstanding	19,223	18,966	18,892

See accompanying notes to financial statements.

Pittston Burlington Group

STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31 1996	1995	1994
Cash flows from operating activities:			
Net income	$ 33,801	32,855	38,356
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash charges and other write-offs	--	--	306
Depreciation and amortization	23,427	19,972	17,319
Provision for aircraft heavy maintenance	32,057	26,317	26,598
Credit for deferred income taxes	(2,830)	(4,345)	(5,256)
Provision for pensions, noncurrent	1,461	218	203
Provision for uncollectible accounts receivable	3,009	2,336	3,054
Equity in earnings of unconsolidated affiliates, net of dividends received	(126)	(194)	(118)
Loss on sale of property, plant and equipment	130	209	39
Other operating, net	1,912	828	343
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	(25,981)	(38,946)	(45,084)
(Increase) decrease in inventories	(569)	351	(242)
Decrease (increase) in prepaid expenses	1,249	(4,127)	1,575
(Decrease) increase in accounts payable and accrued liabilities	(2,594)	5,193	64,615
(Increase) decrease in other assets	(272)	(551)	272
(Decrease) increase in other liabilities	(824)	642	1,000
Other, net	(761)	(1,270)	860
Net cash provided by operating activities	63,089	39,488	103,840
Cash flows from investing activities:			
Additions to property, plant and equipment	(61,321)	(32,399)	(24,005)
Proceeds from disposal of property, plant and equipment	3,898	422	1,467
Aircraft heavy maintenance expenditures	(23,373)	(22,356)	(15,333)
Acquisitions, net of cash acquired, and related contingency payments	(2,944)	(1,338)	(5,938)
Other, net	4,757	3,683	3,775
Net cash used by investing activities	(78,983)	(51,988)	(40,034)
Cash flows from financing activities:			
Additions to debt	3,584	28,060	31,790
Reductions of debt	(3,948)	(2,834)	(30,482)
Payments from (to)--Minerals Group	12,179	(878)	(55,731)
Repurchase of common stock	(1,406)	(1,132)	(2,042)
Proceeds from exercise of stock options and employee stock purchase plan	3,207	951	1,837
Other	--	--	106
Dividends paid	(4,514)	(4,204)	(4,154)
Cost of stock proposals	(1,237)	--	(1)
Net cash provided (used) by financing activities	7,865	19,963	(58,677)
Net (decrease) increase in cash and cash equivalents	(8,029)	7,463	5,129
Cash and cash equivalents at beginning of period	25,847	18,384	13,255
Cash and cash equivalents at end of period	$ 17,818	25,847	18,384

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

On January 18, 1996, the shareholders of The Pittston Company (the "Company") approved the Brink's Stock Proposal, as described in the Company's proxy statement dated December 15, 1995, resulting in the modification, effective as of January 19, 1996, of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Pittston Services Group Common Stock, par value $1.00 per share, ("Services Stock") were redesignated as Pittston Brink's Group Common Stock, par value $1.00 per share, ("Brink's Stock") on a share-for-share basis, and a new class of common stock, designated as Pittston Burlington Group Common Stock, par value $1.00 per share, ("Burlington Stock") was distributed on the basis of one-half of one share for each outstanding share of Services Stock. Holders of Pittston Minerals Group Common Stock, par value $1.00 per share, ("Minerals Stock") continue to be holders of such stock, which continues to reflect the performance of the Pittston Minerals Group (the "Minerals Group"). Brink's Stock is intended to reflect the performance of the Pittston Brink's Group (the "Brink's Group") and Burlington Stock is intended to reflect the performance of the Pittston Burlington Group (the "Burlington Group").

The financial statements of the Burlington Group include the balance sheets, the results of operations and cash flows of the Burlington Air Express Inc. ("Burlington") operations of the Company, and a portion of the Company's corporate assets and liabilities and related transactions which are not separately identified with operations of a specific segment. The Burlington Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate allocations reflected in these financial statements are determined based upon methods which management believes to be a reasonable and equitable allocation of such items (Note 2).

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

Principles of Combination

The accompanying financial statements reflect the combined accounts of the businesses comprising the Burlington Group and their majority-owned subsidiaries. The Burlington Group's interests in 20% to 50% owned companies are carried on the equity method. All material intercompany items and transactions have been eliminated in combination. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and investments with original maturities of three months or less.

Inventories

Inventories are stated at cost (determined under the first-in, first-out or average cost method) or market, whichever is lower.

Property, Plant and Equipment

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight-line method at varying rates depending upon estimated useful lives.

Intangibles
The excess of cost over fair value of net assets of businesses acquired is amortized on a straight-line basis over the estimated periods benefited.

The Burlington Group evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of asset value or useful lives. The Burlington Group annually assesses the recoverability of the excess of cost over net assets acquired by determining whether the amortization of the asset balance over its remaining life can be recovered through projected undiscounted future operating cash flows. Evaluation of asset value as well as periods of amortization are performed on a disaggregated basis at each of the Burlington Group's operating units.

Income Taxes
Income taxes are accounted for in accordance with Statement of Financial Accounting Standards 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 the differences are expected to reverse.

See Note 2 for allocation of the Company's U.S. federal income taxes to the Burlington Group.

Postretirement Benefits Other Than Pensions
Postretirement benefits other than pensions are accounted for in accordance with Statement of Financial Accounting Standards 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.

Net Income Per Common Share
Net Income per common share is computed by dividing the net income by the weighted-average number of shares outstanding during the period. The potential dilution from the exercise of stock options is not material. The shares held in The Pittston Company Employee Benefits Trust (Note 10) are not included in the net income per share calculations as they were evaluated for inclusion in those calculations under the treasury stock method and had no dilutive effect.

Foreign Currency Translation
Assets and liabilities of foreign operations have been translated at current exchange rates, and related revenues and expenses have been translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments have been included in shareholder's equity. Translation adjustments relating to operations in countries with highly inflationary economies are included in net income, along with all transaction gains and losses for the period.

A portion of the Burlington Group's financial results is derived from activities in several foreign countries, each with a local currency other than the U.S. dollar. Because the financial results of the Burlington Group are reported in U.S. dollars, they are affected by the changes in the value of various foreign currencies in relation to the U.S. dollar. However, the Burlington Group's international activity is not concentrated in any single currency, which reduces the risks of foreign currency rate fluctuations.

Financial Instruments
The Burlington Group uses foreign currency forward contracts to hedge the risk of changes in foreign currency rates associated with certain transactions denominated in various currencies. Realized and unrealized gains and losses on these contracts, designated and effective as hedges, are deferred and recognized as part of the specific transaction hedged.

The Burlington Group also utilizes financial instruments to protect against price increases in jet fuel as well as interest rate changes on certain variable rate lease obligations. Gains and losses on such financial instruments, designated and effective as hedges, are recognized as part of the specific transaction hedged.

Revenue Recognition
Revenues related to transportation services are recognized, together with related transportation costs, on the date shipments physically depart from facilities en route to destination locations. Financial statements resulting from existing recognition policies do not materially differ from the allocation 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
In 1996, the Burlington Group adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 requires companies to review assets for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. The adoption of this statement did not have an impact on the Burlington Group's financial statements.

In 1996, the Burlington Group also adopted SFAS No. 123, "Accounting for Stock Based Compensation". SFAS No. 123 establishes financial accounting and reporting standards for stock-based employee compensation plans. SFAS No. 123 allows for the adoption of a fair value based method of accounting for all employee stock compensation plans or it allows entities to continue to measure compensation cost for those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock issued to Employees". APB No. 25 requires the disclosure of net income and net income per share as if the fair value based method of accounting is applied. The Burlington Group has elected to continue to account for its stock compensation plans according to APB No. 25 with the disclosure of the impact on net income and net income per share as if the fair value based method of accounting is applied (Note 9).

2. RELATED PARTY TRANSACTIONS

The following policies may be modified or rescinded by action of the Board of Directors (the "Board"), or the Board may adopt additional policies, without approval of the shareholders of the Company, although the Board has no present intention to do so. The Company allocated certain corporate general and administrative expenses, net interest expense and related assets and liabilities in accordance with the policies described below. Corporate assets and liabilities are primarily deferred pension assets, income taxes and accrued liabilities.

Financial
As a matter of policy, the Company manages most financial activities of the Burlington Group, Brink's Group and Minerals Group on a centralized, consolidated basis. Such financial activities include the investment of surplus cash; the issuance, repayment and repurchase of short-term and long-term debt; the issuance and repurchase of common stock and the payment of dividends. In preparing these financial statements, transactions primarily related to invested cash, short-term and long-term debt (including convertible debt), related net interest and other financial costs have been attributed to the Burlington Group based upon its cash flows for the periods presented after giving consideration to the debt and equity structure of the Company. The Company attributes long-term debt to the Burlington Group based upon the purpose for the debt in addition to the cash requirements of the Burlington Group. See Note 8 for details and amounts of long-term debt. The portion of the Company's interest expense allocated to the Burlington Group for 1996, 1995 and 1994 was $663, $2,327 and $2,629, respectively. Management believes such method of allocation to be equitable and a reasonable estimate of the cost attributable to the Burlington Group.

To the extent borrowings are deemed to occur between the Burlington Group, the Brink's Group and the Minerals Group, intergroup accounts are established bearing interest at the rate in effect from time to time under the Company's unsecured credit lines or, if no such credit lines exist, at the prime rate charged by Chase Manhattan Bank from time to time. At December 31, 1996 and 1995, the Minerals Group owed the Burlington Group $7,730 and $19,910, respectively, as the result of borrowings.

Income Taxes
The Burlington Group is included in the consolidated U.S. federal income tax return filed by the Company.

The Company's consolidated provision and actual cash payments for U.S. federal income taxes are allocated between the Burlington Group, Brink's Group and Minerals Group in accordance with the Company's tax allocation policy and

reflected in the financial statements for each Group. In general, the consolidated tax provision and related tax payments or refunds are allocated among the Groups, for financial statement purposes, based principally upon the financial income, taxable income, credits and other amounts directly related to the respective Group. Tax benefits that cannot be used by the Group generating such attributes, but can be utilized on a consolidated basis, are allocated to the Group that generated such benefits and an intergroup account is established for the benefit of the Group generating the attributes. As a result, the allocated Group amounts of taxes payable or refundable are not necessarily comparable to those that would have resulted if the Groups had filed separate tax returns. At December 31, 1996 and 1995, the Burlington Group owed the Minerals Group $24,310 and $22,029, respectively, for such tax benefits, of which $13,310 and $8,029, respectively, were not expected to be paid within one year from such dates in accordance with the policy. The Burlington Group paid the Minerals Group $14,949 in 1996 and $11,328 in 1995 for the utilization of such tax benefits.

Shared Services

A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Burlington Group based upon utilization and other methods and criteria which management believes to be equitable and a reasonable estimate of the cost attributable to the Burlington Group. These allocations were $7,433, $4,770 and $4,665 in 1996, 1995 and 1994, respectively.

Pension

The Burlington Group's pension cost related to its participation in the Company's noncontributory defined benefit pension plan is actuarially determined based on its respective employees and an allocable share of the pension plan assets and calculated in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions", ("SFAS 87"). Pension plan assets have been allocated to the Burlington Group based on the percentage of its projected benefit obligation to the plan's total projected benefit obligation. Management believes such method of allocation to be equitable and a reasonable estimate of the cost attributable to the Burlington Group.

3. SHAREHOLDER'S EQUITY

The following presents shareholder's equity of the Burlington Group:

	As of December 31		
	1996	1995	1994
Balance at beginning of period	$ 271,853	240,880	203,150
Net income	33,801	32,855	38,356
Foreign currency translation adjustment	(171)	945	2,418
Stock options exercised	2,970	548	1,835
Stock released from employee benefits trust to employee benefits plan	3,017	1,661	454
Stock repurchases	(1,406)	(1,134)	(2,042)
Dividends declared	(4,707)	(4,201)	(4,161)
Cost of Stock Proposals	(1,237)	--	(1)
Tax benefit of options exercised	869	299	765
Other	--	--	106
Balance at end of period	$ 304,989	271,853	240,880

The cumulative foreign currency translation adjustment deducted from shareholder's equity is $892, $721 and $1,666 at December 31, 1996, 1995 and 1994, respectively.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consist of the following:

	As of December 31	
	1996	1995
Land	$ 3,266	1,495
Buildings	32,466	20,102
Machinery and equipment	140,451	106,843
Total	$176,183	128,440

The estimated useful lives for property, plant and equipment are as follows:

	Years
Buildings	10 to 40
Machinery and equipment	3 to 10

Depreciation of property, plant and equipment aggregated $16,887 in 1996, $13,448 in 1995 and $10,797 in 1994.

5. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $79,302 at December 31, 1996 and $72,721 at December 31, 1995. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $6,465 in 1996, $6,295 in 1995 and $6,162 in 1994.

6. FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Burlington Group to concentrations of credit risk consist principally of cash and cash equivalents, and trade receivables. The Burlington Group's cash and cash equivalents are placed with high credit quality financial institutions. Also, by policy, the amount of credit exposure to any one financial institution is limited. Concentration of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Burlington Group's customer base and their dispersion across many different industries and geographic areas.

The following details the fair values of financial instruments for which it is practicable to estimate the value:

Cash and cash equivalents
The carrying amounts approximate fair value because of the short maturity of these instruments.

Accounts receivable, accounts payable and accrued liabilities The carrying amounts approximate fair value because of the short-term nature of these instruments.

Debt
The aggregate fair value of the Burlington Group's long-term debt obligations, which is based upon quoted market prices and rates currently available to the Burlington Group for debt with similar terms and maturities, approximates the carrying amount.

Off-balance sheet instruments
The Burlington Group utilizes various off-balance sheet financial instruments, as discussed below, to hedge its foreign currency and other market exposures. The risk that counterparties to such instruments may be unable to perform is minimized by limiting the counterparties to major financial institutions. The Burlington Group does not expect any losses due to such counterparty default.

Foreign currency forward contracts--The Company, on behalf of the Burlington Group, enters into foreign currency forward contracts with a duration of up to 45 days as a hedge against accounts payable denominated in various currencies. These contracts do not subject the Company to risk due to exchange rate movements because gains and losses on these contracts offset losses and gains on the payables being hedged. At December 31, 1996, the total notional value of foreign currency forward contracts outstanding was $1,052 and the fair value was not significant.

Fuel contracts--The Burlington Group has hedged a portion of its jet fuel requirements through several commodity option transactions that are intended to protect against significant increases in jet fuel prices. At December 31, 1996, these transactions aggregated 18.0 million gallons and are applicable throughout the first half of 1997. The fair value of these fuel hedge transactions may fluctuate over the course of the contract period due to changes in the supply and demand for oil and refined products. Thus, the economic gain or loss, if any, upon settlement of the contracts may differ from the fair value of the contracts at an interim date. At December 31, 1996, the fair value of these contracts was not significant.

Interest rate contracts--In connection with the aircraft leasing by Burlington, the Company has entered into an interest rate swap agreement. This variable to fixed interest rate swap agreement has a notional value of $30,000 that fixes the Company's interest rate at 7.05% through January 2, 1998. Given the decline in the base variable rate subsequent to when the agreement was entered into, the cost to the Company to terminate the agreement would have been $575 at December 31, 1996.

7. INCOME TAXES

The provision (credit) for income taxes consists of the following:

	U.S. Federal	Foreign	State	Total
1996:				
Current	$ 18,967	2,371	1,200	22,538
Deferred	351	(3,166)	(15)	(2,830)
Total	$ 19,318	(795)	1,185	19,708
1995:				
Current	$ 20,139	1,424	1,500	23,063
Deferred	(2,839)	(1,064)	(442)	(4,345)
Total	$ 17,300	360	1,058	18,718
1994:				
Current	$ 22,077	3,033	3,000	28,110
Deferred	(4,472)	80	(864)	(5,256)
Total	$ 17,605	3,113	2,136	22,854

The significant components of the deferred tax benefit were as follows:

	Years Ended December 31		
	1996	1995	1994
Deferred tax expense (benefit), exclusive of the components listed below	$ (372)	(2,212)	(6,028)
Net operating loss carryforwards	(2,887)	(1,490)	(247)
Alternative minimum tax credits	429	(565)	1,084
Change in the valuation allowance for deferred tax assets	--	(78)	(65)
Total	$(2,830)	(4,345)	(5,256)

The tax benefit for compensation expense related to the exercise of certain employee stock options for tax purposes in excess of compensation expense for financial reporting purposes is recognized as an adjustment to shareholder's equity.

The components of the net deferred tax asset as of December 31, 1996 and December 31, 1995 were as follows:

	1996	1995
Deferred tax assets:		
Accounts receivable	$ 2,517	3,149
Postretirement benefits other than pensions	1,302	1,100
Workers' compensation and other claims	761	1,357
Other liabilities and reserves	13,358	13,275
Miscellaneous	1,840	1,642
Net operating loss carryforwards	8,227	5,340
Alternative minimum tax credits	11,597	11,653
Total deferred tax assets	39,602	37,516
Deferred tax liabilities:		
Property, plant and equipment	625	576
Pension assets	807	1,486
Other assets	496	684
Miscellaneous	12,692	12,379
Total deferred tax liabilities	14,620	15,125
Net deferred tax asset	$24,982	22,391

The recording of deferred federal tax assets is based upon their expected utilization in the Company's consolidated federal income tax return and the benefit that would accrue to the Burlington Group under the Company's tax allocation policy.

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory U.S. federal income tax rate of 35% in 1996, 1995 and 1994 to the income before income taxes.

	Years Ended December 31		
	1996	1995	1994
Income before income taxes:			
United States	$ 37,794	34,943	35,464
Foreign	15,715	16,630	25,746
Total	$ 53,509	51,573	61,210

Tax provision computed at statutory rate	$ 18,730	18,051	21,424
Increases (reductions) in taxes due to:			
State income taxes (net of federal tax benefit)	771	688	1,388
Goodwill amortization	2,086	2,079	1,891
Difference between total taxes on foreign income and the U.S. federal statutory rate	(2,392)	(1,430)	(2,790)
Miscellaneous	513	(670)	941
Actual tax provision	$ 19,708	18,718	22,854

It is the policy of the Burlington Group to accrue deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries and affiliates which are expected to reverse in the foreseeable future. As of December 31, 1996 and December 31, 1995, the unrecognized deferred tax liability for temporary differences of approximately $13,454 and $9,340, respectively, related to investments in foreign subsidiaries and affiliates that are essentially permanent in nature and not expected to reverse in the foreseeable future was approximately $4,709 and $3,269, respectively.

The Burlington Group is included in the Company's consolidated U.S. federal income tax return.

As of December 31, 1996, the Burlington Group had $11,597 of alternative minimum tax credits allocated to it under the Company's tax allocation policy. Such credits are available to offset future U.S. federal income taxes and, under current tax law, the carryforward period for such credits is unlimited.

The tax benefits of net operating loss carryforwards of the Burlington Group as at December 31, 1996 were $8,227 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

8. LONG-TERM DEBT

A portion of the outstanding debt under the Company's credit agreement and the Company's subordinated obligations have been attributed to the Burlington Group. Total long-term debt of the Burlington Group consists of the following:

	As of December 31 1996	1995
Senior obligations:		
Canadian dollar term loan due 1999 (year-end rate 4.61% in 1996 and 7.50% in 1995)	$ 2,920	2,932
All other	10,275	7,772
	13,195	10,704
Obligations under capital leases (average rates 11.31% in 1996 and 13.00% in 1995)	1,180	1,645
	14,375	12,349
Attributed portion of the Company's debt:		
4% subordinated debentures due 1997	14,348	14,348
Total long-term debt, less current maturities	28,723	26,697
Current maturities of long-term debt:		
Other senior obligations	2,916	1,964
Total current maturities of long-term debt	2,916	1,964
Total long-term debt including current maturities	$31,639	28,661

For the four years through December 31, 2001, minimum repayments of long-term debt outstanding are as follows:

1998	$ 3,336
1999	2,506
2000	1,585
2001	462

The Canadian dollar term loan held by a wholly-owned indirect subsidiary of the Burlington Group bears interest based on Canadian prime or Bankers' Acceptance rates or, if converted to a U.S. dollar loan, based on Eurodollar or Federal Funds rates. The Canadian dollar term loan is guaranteed by the Company.

The Company has a $350,000 revolving credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. During the second quarter of 1996, the maturity date of both the term loan and the revolving credit portion of the Facility was extended to May 31, 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. During 1995, $23,400 of the term loan obligation attributed to the Burlington Group was assumed by the Minerals Group as partial settlement of the Minerals Group payable to the Burlington Group. At December 31, 1996, borrowings, in addition to the $100,000 term loan of $23,200 were outstanding. No portion of the total amount outstanding under the Facility at December 31, 1996 or at December 31, 1995 was attributed to the Burlington Group.

The 4% subordinated debentures due July 1, 1997, are exchangeable only for cash, at the rate of $157.80 per $1,000 debenture. The debentures are redeemable at the Company's option, in whole or in part, at any time prior to maturity, at redemption prices equal to 100% of the principal amount. The Company plans to repay the debentures from borrowings under the long-term revolving credit facility. In 1995, the Company redeemed $300 in principal of its 4% subordinated debentures.

Various international operations maintain lines of credit and overdraft facilities aggregating approximately $117,000 with a number of banks on either a secured or unsecured basis. At December 31, 1996, $55,745 was outstanding under such agreements.

Under the terms of some of its debt instruments, the Company has agreed to various restrictions relating to the payment of dividends, the repurchase of capital stock, the maintenance of

consolidated net worth, and the amount of additional funded debt which may be incurred. Allowable restricted payments for dividends and stock repurchases aggregated $255,810 at December 31, 1996. Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $560,000.

At December 31, 1996, the Company's portion of outstanding unsecured letters of credit allocated to the Burlington Group was $41,304, primarily supporting the Burlington Group's obligations under aircraft lease obligations and its various self-insurance programs.

9. STOCK OPTIONS

The Company has various stock-based compensation plans as described below.

Stock Option Plans
The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1996, 1995 and 1994 have a maximum term of six years and vest 100% at the end of the third year. The Non-Employee Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1996, 1995 and 1994 have a maximum term of six years and vest ratably over the first three years. The total number of shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 2,031,775. Under the Non-Employee Plan, the total number of shares underlying options for grant, but not yet granted, is 134,164.

The Company's 1979 Stock Option Plan (the "1979 Plan") and the 1985 Stock Option Plan (the "1985 Plan") terminated in 1985 and 1988, respectively, except as to options still outstanding.

As part of the Brink's Stock Proposal (Note 1), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or Burlington Stock, in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383,422 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such plans, the Company converted these options into options for shares of Brink's Stock or Burlington Stock, or both, depending on the employment status and responsibilities of the particular optionee. In the case of optionees having Company-wide responsibilities, each outstanding Services Stock option was converted into options for both Brink's Stock and Burlington Stock. In the case of other optionees, each outstanding option was converted into a new option only for Brink's Stock or Burlington Stock, as the case may be. As a result, upon approval of the Brink's Stock Proposal, 1,749,822 shares of Brink's Stock and 1,989,466 shares of Burlington Stock were subject to options.

The table below summarizes the related plan activity.

	Shares	Aggregate Exercise Price
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,989,466	23,474
Granted	439,750	7,972
Exercised	(318,123)	(2,905)
Forfeited or expired	(64,010)	(952)
Outstanding at December 31, 1996	2,047,083	$ 27,589

Options exercisable at the end of 1996, 1995 and 1994, respectively, on an equivalent basis, for Burlington Stock were 1,033,647, 1,030,259 and 724,089.

The following table summarizes information about stock options outstanding as of December 31, 1996.

	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
$ 5.00 to 7.51	332,227	1.48	$ 6.95	332,227	$ 6.95
7.71 to 11.70	318,265	3.36	9.59	318,177	9.59
13.41 to 16.32	888,993	4.26	15.06	317,359	16.18
17.06 to 21.13	507,598	4.92	17.95	65,884	17.06
Total	2,047,083			1,033,647	

Employee Stock Purchase Plan

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 375,000 shares of Burlington Stock to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 32,373 shares and 28,567 shares of Burlington Stock to employees during 1996 and 1995, respectively. The share amounts for Burlington Stock include the restatement for the Services Stock conversion under the Brink's Stock Proposal (Note 1).

Accounting For Plans

The Company has adopted the disclosure - only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", but applies APB Opinion No. 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the accompanying financial statements. Had compensation costs for the Company's plans been determined based on the fair value of awards at the grant dates, consistent with SFAS No. 123, the Burlington Group's net income and net income per share would approximate the pro forma amounts indicated below:

	Years Ended December 31 1996	1995
Net Income attributed to common shares		
Burlington Group		
As Reported	$ 33,801	32,855
Pro Forma	32,528	32,098
Net Income per common share		
Burlington Group		
As Reported	1.76	1.73
Pro Forma	1.69	1.69

Note: The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

The fair value of each stock option grant used to compute pro forma net income and net income per share disclosures is estimated at the time of the grant using the Black-Scholes option-pricing model. The weighted-average assumptions used in the model are as follows:

	1996	1995
Expected dividend yield	1.2%	1.2%
Expected volatility	32%	32%
Risk-free interest rate	6.3%	5.8%
Expected term (in years)	4.7	4.7

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1996 and 1995 is $2,679 and $2,549, respectively.

Under SFAS 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1996 and 1995 was $231 and $352, respectively, for the Burlington Group.

10. CAPITAL STOCK

The Company, at any time, has the right to exchange each outstanding share of Burlington Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of Burlington Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Burlington Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Burlington Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of Burlington Stock.

The Company, at any time, has the right to exchange each outstanding share of Minerals Stock, which was previously subject to exchange for shares of Services Stock, for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Burlington Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Minerals Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Burlington Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. If any shares of the Company's Preferred Stock are converted after an exchange of Minerals Stock for Brink's Stock (or Burlington Stock), the holder of such Preferred Stock would, upon conversion, receive shares of Brink's Stock (or Burlington Stock) in lieu of shares of Minerals Stock otherwise issuable upon such conversion.

Shares of Brink's Stock are not subject to either optional or mandatory exchange. The net proceeds of any disposition of properties and assets of the Brink's Group will be attributed to the Brink's Group. In the case of a disposition of all or substantially all the properties and assets of any other group, the net proceeds will be attributed to the group the shares of which have been issued in exchange for shares of the selling group.

Holders of Brink's Stock at all times have one vote per share. Holders of Burlington Stock and Minerals Stock have one and 0.626 votes per share, respectively, subject to adjustment on January 1, 1998, and on January 1 every two years thereafter in such a manner so that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of Burlington Stock and Minerals Stock may have more than, less than or continue to have the number of votes per share as they have. Holders of Brink's Stock, Burlington Stock and Minerals Stock vote together as a single voting group on all matters as to which all common shareholders are entitled to vote. In addition, as prescribed by Virginia law, certain amendments to the Articles of Incorporation affecting, among other things, the designation, rights, preferences or limitations of one class of common stock, or certain mergers or statutory share exchanges, must be approved by the holders of such class of common stock, voting as a group, and, in certain circumstances, may also have to be approved by the holders of the other classes of common stock, voting as separate voting groups.

In the event of a dissolution, liquidation or winding up of the Company, the holders of Brink's Stock, Burlington Stock and Minerals Stock, effective as of January 19, 1996, share on a per share basis an aggregate amount equal to 55%, 28% and 17%, respectively, of the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage has been set, using a nominal number of shares of Minerals Stock of 4,202,954 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding, to ensure that the holders of Minerals Stock are entitled to the same share of any such funds immediately following the consummation of the transactions as they were prior thereto. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, Burlington 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).

In November 1995, the Board of Directors (the "Board"), authorized a revised share repurchase program which allowed for the purchase, from time to time, of up to 1,500,000 shares of Burlington Stock, not to exceed an aggregate purchase price of $45,000 for all common stock of the Company; such shares to be purchased from time to time in the open market or in private transactions, as conditions warrant. Prior to this revised program, 401,900 shares of Services Stock (or the equivalent of 209,500 shares of Burlington Stock) were repurchased at an aggregate cost of $9,624, of which 145,800 shares (or the equivalent of 75,600 shares of Burlington Stock) were repurchased in 1995 at an aggregate cost of $3,436. No additional repurchases were made during the remainder of 1995 subsequent to the implementation of the revised program. During 1996, 75,600 shares of Burlington Stock were repurchased at a cost of $1,407. The program to repurchase shares remains in effect in 1997.

Dividends paid to holders of Burlington Stock are limited to funds of the Company legally available for the payment of dividends. Amounts available for dividends may be further limited by covenants in the Company's public debt indentures and bank credit agreements. See the Company's consolidated financial statements and related footnotes. Subject to these limitations, the Company's Board, although there is no requirement to do so, intends to declare and pay dividends on the Burlington Stock based primarily on the earnings, financial condition, cash flow and business requirements of the Burlington Group.

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 $80,500 or 161,000 shares of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock, which is convertible into Minerals Stock and which has been attributed to the Minerals Group, pays an annual dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available therefore, when as and if, declared by the Board. Payment of dividends commenced on March 1, 1994. Such stock also bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon.

In 1994, the Board authorized the repurchase from time to time of up to $15,000 of Convertible Preferred Stock. Subsequent to the authorization and through October 1995, 24,720 shares at a total cost of $9,624 had been repurchased, of which 16,370 shares at a total cost of $6,258 were purchased in 1995. In November 1995, the Board authorized an increase in the remaining authority to $15,000. No additional share repurchases were made during the remainder of 1995 subsequent to the increased authorization. In 1996, 20,920 shares at a total cost of $7,897 were repurchased. The program to acquire shares remains in effect in 1997, and in February 1997, the Board authorized an increase in the remaining repurchase authority to $15 million.

In 1996 and 1995, dividends paid on such stock amounted to $3,795 and $4,341, respectively. Preferred dividends included on the Company's Statements of Operations for the years ended December 31, 1996 and 1995, are net of $2,120 and $1,579, respectively, which was the excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders of the stock for repurchases made during the year.

In December 1992, the Company formed the Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock to fund obligations under certain employee benefits programs not including stock option plans. The trust first began funding obligations under the Company's various stock option plans in September 1995. Upon formation of the Trust, the Company sold for a promissory note of the Trust, 4,000,000 shares of its common stock to the Trust at a price equal to the fair value of the stock on the date of sale. Upon approval of the Brink's Stock Proposal, 1,768,906 shares of Burlington Stock were distributed to the Trust. At December 31, 1996, 1,279,544 shares of Burlington Stock (1,776,453 in 1995) remained in the Trust, valued at market. The value of these shares has no impact on shareholder's equity.

11. LEASES

The Burlington Group leases aircraft, facilities, vehicles, computers and other equipment under long-term operating leases with varying terms, and most of the leases contain renewal and/or purchase options. As of December 31, 1996, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Aircraft	Facilities	Equipment & Other	Total
1997	$27,590	24,400	5,062	57,052
1998	20,661	19,160	3,719	43,540
1999	17,979	14,833	2,539	35,351
2000	11,479	11,372	1,803	24,654
2001	10,339	9,101	1,188	20,628
2002	6,336	7,791	685	14,812
2003	--	6,723	417	7,140
2004	--	6,310	417	6,727
2005	--	5,170	417	5,587
Later Years	--	52,927	3,298	56,225
Total	$94,384	157,787	19,545	271,716

These amounts are net of aggregate future minimum noncancellable sublease rentals of $1,693.

Net rent expense amounted to $61,827 in 1996, $62,751 in 1995 and $57,412 in 1994.

The Burlington Group incurred capital lease obligations of $231 in 1996, $2,288 in 1995 and $755 in 1994. As of December 31, 1995, the Burlington Group's obligations under capital leases were not significant (Note 8).

12. EMPLOYEE BENEFIT PLANS

The Burlington Group's businesses participate in the Company's noncontributory defined benefit pension plan covering substantially all nonunion employees who meet certain minimum requirements, in addition to sponsoring certain other defined benefit plans. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The Burlington Group's pension cost is actuarially determined based on its employees and an allocable share of the pension plan assets. The Company's policy is to fund the actuarially determined amounts necessary to provide assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations. The net pension expense for 1996, 1995 and 1994 for all plans is as follows:

	Years Ended December 31 1996	1995	1994
Service cost--benefits earned during year	$ 4,067	2,856	3,009
Interest cost on projected benefit obligation	4,010	3,162	2,919
Loss (return) on assets--actual	(8,053)	(11,344)	662
(Loss) return on assets--deferred	2,177	6,223	(5,713)
Other amortization, net	(339)	(305)	(357)
Net pension expense	$ 1,862	592	520

The assumptions used in determining the net pension expense for the Company's primary pension plan were as follows:

	1996	1995	1994
Interest cost on projected benefit obligation	7.5%	8.75%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Rate of increase in compensation levels	4.0%	4.0%	4.0%

The funded status and prepaid pension expense at December 31, 1996 and 1995 are as follows:

	1996	1995
Actuarial present value of accumulated benefit obligation:		
Vested	$ 43,018	38,240
Nonvested	2,846	2,524
	45,864	40,764
Benefits attributable to projected salaries	12,454	10,376
Projected benefit obligation	58,318	51,140
Plan assets at fair value	68,016	59,831
Excess of plan assets over projected benefit obligation	9,698	8,691
Unamortized initial net asset	(401)	(724)
Unrecognized experience (gain) loss	(321)	1,732
Unrecognized prior service cost	146	106
Net pension assets	9,122	9,805
Current pension liabilities	382	622
Deferred pension assets per balance sheet	$ 9,504	10,427

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 8% in 1996 and 7.5% in 1995. The expected long-term rate of return on assets was 10% in both years. The rate of increase in compensation levels used was 4% in 1996 and 1995.

The unrecognized initial net asset at January 1, 1986 (January 1, 1989, for certain foreign pension plans), the date of adoption of SFAS 87, has been amortized over the estimated remaining average service life of the employees. As of December 31, 1996, approximately 78% of plan assets were invested in equity securities and 22% in fixed income securities.

The Burlington Group also provides certain postretirement health care and life insurance benefits for eligible active and retired employees in the United States and Canada.

For the years 1996, 1995 and 1994, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31 1996	1995	1994
Service cost--benefits earned during year	$167	129	219
Interest cost on accumulated postretirement benefit obligation	213	192	247
Total expense	$380	321	466

Interest costs on the accumulated postretirement benefit obligation were based upon rates of 7.5% in 1996, 8.75% in 1995 and 7.5% in 1994.

At December 31, 1996 and 1995, the actuarial and recorded liabilities for these postretirement benefits, none of which have been funded, were as follows:

	Years Ended December 31 1996	1995
Accumulated postretirement benefit obligation:		
Retirees	$ 546	569
Fully eligible active plan participants	517	403
Other active plan participants	2,007	1,919
	3,070	2,891
Unrecognized experience gain (loss)	75	(71)
Liability included on the balance sheet	3,145	2,820
Less current portion	--	107
Noncurrent liability for postretirement health care and life insurance benefits	$3,145	2,713

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 8% in 1996 and 7.5% in 1995. The postretirement benefit obligation for U.S. salaried employees does not provide for changes in health care costs since the employer's contribution to the plan is a fixed amount.

The Burlington Group also participates in the Company's Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 75% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $2,259 in 1996, $2,326 in 1995 and $1,656 in 1994.

The Burlington Group sponsors several other defined contribution benefit plans based on hours worked or other measurable factors. Contributions under all of these plans aggregated $643 in 1996, $662 in 1995 and $556 in 1994.

13. SEGMENT INFORMATION

Operating revenues by geographic area are as follows:

	1996	Years Ended December 31 1995	1994
United States	$ 554,552	535,091	565,813
International operations	945,766	879,730	649,471
Total operating revenues	$1,500,318	1,414,821	1,215,284

The following is derived from the business segment information in the Company's consolidated financial statements as it relates to the Burlington Group. See Note 2, Related Party Transactions, for a description of the Company's policy for corporate allocations.

The Burlington Group's portion of the Company's operating profit is as follows:

	1996	Years Ended December 31 1995	1994
United States	$ 36,143	30,416	45,732
International operations	28,461	28,307	23,492
Burlington Group's portion of the Company's segment operating profit	64,604	58,723	69,224
Corporate expenses allocated to the Burlington Group	(7,433)	(4,770)	(4,665)
Total operating profit	$ 57,171	53,953	64,559

The Burlington Group's portion of the Company's assets at year end is as follows:

	As of December 31		
	1996	1995	1994
United States	$344,048	302,593	284,294
International operations	254,012	237,126	188,146
Burlington Group's portion of the Company's assets	598,060	539,719	472,440
Burlington Group's portion of corporate assets	17,614	32,358	49,076
Total assets	$615,674	572,077	521,516

14. CONTINGENT LIABILITIES

Under the Coal Industry Retiree Health Benefit Act of 1992 (the "Act"), the Company and its majority-owned subsidiaries at July 20, 1992, including certain companies of the Burlington Group included in these financial statements, are jointly and severally liable with t certain companies of the Brink's Group and of the Minerals Group for the costs of health care coverage provided for by that Act. For a description of the Act and an estimate of certain of such costs, see Note 13 to the Company's consolidated financial statements. At this time, the Company expects the Minerals Group to generate sufficient cash flow to discharge its obligations under the Act.

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,900 and $17,000 over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The clean-up estimates have been modified from prior years' in light of cost inflation. 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, unforseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. The Company appealed the District Court's decision to the Third Circuit. However, management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, it is the Company's belief that, based on estimates of potential liability and probable realization of insurance recoveries, the Company would be liable for approximately $1,400 based on the Court's decision and related developments of New Jersey law.

15. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1996, 1995 and 1994, cash payments for income taxes, net of refunds received, were $22,018, $20,346 and $16,980, respectively.

For the years ended December 31, 1996, 1995 and 1994, cash payments for interest were $4,646, $5,055 and $4,926, respectively.

On December 31, 1995, the Minerals Group assumed the portion of the Company's term loan in the amount of $23,434, which had been attributed to the Burlington Group, as partial settlement of the intercompany payable due to the Burlington Group. This transfer of debt as partial settlement of the intercompany between the Groups has been recognized as a noncash transaction and is not included in the Burlington Group's 1995 Statement of Cash Flows.

16. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1996 and 1995.

	1st	2nd	3rd	4th
1996 Quarters:				
Operating revenues	$351,950	363,411	377,656	407,301
Gross profit	37,595	46,256	50,414	48,630
Net income	3,763	8,746	10,705	10,587
Per Pittston Burlington Group Common Share:				
Net income	$ .20	.46	.56	.55
1995 Quarters:				
Operating revenues	$323,944	341,950	365,793	383,134
Gross profit	34,352	42,305	47,334	45,109
Net income	4,049	8,009	10,524	10,273
Per Pittston Burlington Group Common Share:				
Net income	$ .21	.42	.56	.54

STATEMENT OF MANAGEMENT RESPONSIBILITY

The management of The Pittston Company (the "Company") is responsible for preparing the accompanying Pittston Minerals Group (the "Mineral Group') financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles. Management has also prepared the other information in the annual report and is responsible for its accuracy.

In meeting our responsibility for the integrity of the financial statements, we maintain a system of internal controls designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management's authorization and that the accounting records provide a reliable basis for the preparation of the financial statements. Qualified personnel throughout the organization maintain and monitor these internal controls on an ongoing basis. In addition, the Company maintains an internal audit department that systematically reviews and reports on the adequacy and effectiveness of the controls, with management follow-up as appropriate.

Management has also established a formal Business Code of Ethics which is distributed throughout the Company. We acknowledge our responsibility to establish and preserve an environment in which all employees properly understand the fundamental importance of high ethical standards in the conduct of our business.

The accompanying financial statements have been audited by KPMG Peat Marwick LLP, independent auditors. During the audit they review and make appropriate tests of accounting records and internal controls to the extent they consider necessary to express an opinion on the Minerals Group's financial statements.

The Company's Board of Directors pursues its oversight role with respect to the Minerals Group's financial statements through the Audit and Ethics Committee, which is composed solely of outside directors. The Committee meets periodically with the independent auditors, internal auditors and management to review the Company's control system and to ensure compliance with applicable laws and the Company's Business Code of Ethics.

We believe that the policies and procedures described above are appropriate and effective and do enable us to meet our responsibility for the integrity of the Minerals Group's financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
The Pittston Company

We have audited the accompanying balance sheets of Pittston Minerals Group (as described in Note 1) as of December 31, 1996 and 1995, and the related statements of operations and cash flows for each of the years in the three-year period ended December 31, 1996. These financial statements are the responsibility of The Pittston Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements of Pittston Minerals Group present fairly, in all material respects, the financial position of Pittston Minerals Group as of December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1996, in conformity with generally accepted accounting principles.

As more fully discussed in Note 1, the financial statements of Pittston Minerals Group should be read in connection with the audited consolidated financial statements of The Pittston Company and subsidiaries.

As more fully discussed in Note 1 to the financial statements, Pittston Minerals Group changed its method of accounting for impairment of long-lived assets in 1996.

KPMG PEAT MARWICK LLP

KPMG Peat Marwick LLP
Stamford, Connecticut

January 23, 1997

Pittston Minerals Group

BALANCE SHEETS

(In thousands)	December 31 1996	1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,387	4,999
Short-term investments	--	26,046
Accounts receivable:		
Trade (Note 5)	74,366	66,257
Other	15,804	23,464
	90,170	89,721
Less estimated amount uncollectible	1,618	1,946
	88,552	87,775
Coal inventory	26,495	37,329
Other inventory	5,308	4,591
	31,803	41,920
Prepaid expenses	8,659	7,573
Deferred income taxes (Note 8)	27,229	30,677
Total current assets	159,630	198,990
Property, plant and equipment, at cost (Notes 1 and 4)	324,924	365,997
Less accumulated depreciation, depletion and amortization	154,115	166,653
	170,809	199,344
Deferred pension assets (Note 15)	81,067	79,393
Deferred income taxes (Note 8)	62,899	80,699
Intangibles, net of amortization (Notes 1, 6 and 12)	111,103	117,551
Coal supply contracts (Note 12)	52,696	63,455
Receivable--Pittston Brink's Group/Burlington Group (Note 2)	22,071	15,873
Other assets	46,706	43,304
Total assets	$ 706,981	798,609
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term bank borrowings	$ --	24
Current maturities of long-term debt (Note 9)	395	1,199
Accounts payable	59,103	70,214
Payable--Pittston Brink's Group/Burlington Group, net (Note 2)	10,757	9,855
Accrued liabilities:		
Taxes	17,380	16,600
Workers' compensation and other claims	14,276	20,338
Postretirement benefits other than pensions (Note 15)	17,693	18,647
Reclamation	17,205	12,450
Payroll and vacation	6,960	6,982
Miscellaneous (Note 15)	40,956	63,367
	114,470	138,384
Total current liabilities	184,725	219,676
Long-term debt, less current maturities (Note 9)	124,572	100,791
Postretirement benefits other than pensions (Note 15)	219,717	213,707
Workers' compensation and other claims	105,837	114,602
Reclamation	36,716	47,126
Other liabilities	47,074	111,386
Commitments and contingent liabilities (Notes 9, 13, 14, 15, 19 and 20)		
Shareholder's equity (Notes 3, 10 and 11)	(11,660)	(8,679)
Total liabilities and shareholder's equity	$ 706,981	798,609

See accompanying notes to financial statements.

Pittston Minerals Group

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1996	1995	1994
Net sales	$ 696,513	722,851	794,998
Costs and expenses:			
Cost of sales	707,497	696,295	771,586
Selling, general and administrative expenses	34,631	33,252	37,049
Restructuring and other (credits) charges, including litigation accrual (Notes 16 and 19)	(47,299)	--	90,806
Total costs and expenses	694,829	729,547	899,441
Other operating income, net (Note 17)	13,414	22,768	15,281
Operating profit (loss)	15,098	16,072	(89,162)
Interest income	835	564	192
Interest expense (Note 2)	(10,723)	(10,534)	(6,501)
Other expense, net	(1,789)	(1,098)	(875)
Income (loss) before income taxes	3,421	5,004	(96,346)
Credit for income taxes (Note 8)	(7,237)	(9,020)	(43,398)
Net income (loss)	10,658	14,024	(52,948)
Preferred stock dividends, net (Note 11)	(1,675)	(2,762)	(3,998)
Net income (loss) attributed to common shares	$ 8,983	11,262	(56,946)
Net income (loss) per common share (Note 1):			
Primary	$ 1.14	1.45	(7.50)
Fully diluted	1.08	1.40	(7.50)
Average common shares outstanding (Note 1):			
Primary	7,897	7,786	7,594
Fully diluted	9,906	9,999	10,000

See accompanying notes to financial statements.

Pittston Minerals Group

STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31 1996	1995	1994
Cash flows from operating activities:			
Net income (loss)	$ 10,658	14,024	(52,948)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Noncash charges and other write-offs	29,948	--	46,487
Depreciation, depletion and amortization	36,624	42,040	46,074
Provision (credit) for deferred income taxes	22,088	16,412	(16,849)
Credit for pensions, noncurrent	(1,676)	(3,514)	(1,162)
Provision for uncollectible accounts receivable	262	161	132
Gain on sale of property, plant and equipment	(1,398)	(4,994)	(3,422)
Other operating, net	583	1,132	407
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
(Increase) decrease in accounts receivable	(4,454)	22,670	(25,030)
Decrease (increase) in inventories	10,116	(11,565)	(3,413)
(Increase) decrease in prepaid expenses	(1,818)	3,828	(3,749)
Decrease in accounts payable and accrued liabilities	(17,907)	(16,524)	(11,227)
(Increase) decrease in other assets	(2,893)	2,474	1,701
(Decrease) increase in workers' compensation and other claims, noncurrent	(8,766)	(16,575)	5,719
Decrease in other liabilities	(51,749)	(23,437)	(15,711)
Other, net	181	135	(218)
Net cash provided (used) by operating activities	19,799	26,267	(33,209)
Cash flows from investing activities:			
Additions to property, plant and equipment	(23,575)	(22,283)	(25,864)
Proceeds from disposal of property, plant and equipment	4,613	18,939	5,640
Acquisitions, net of cash acquired, and related contingency payments	(1,134)	(1,078)	(157,324)
Other, net	(419)	(1,188)	6,540
Net cash used by investing activities	(20,515)	(5,610)	(171,008)
Cash flows from financing activities:			
Additions to debt	23,216	24	86,045
Reductions of debt	(1,319)	(17,164)	(8,149)
Payments from Brink's Group	6,082	12,240	5,705
Payments (to) from Burlington Group	(12,179)	878	55,731
Repurchase of stock	(7,895)	(7,173)	(3,767)
Proceeds from exercise of stock options and from employee stock purchase plan	208	1,379	1,765
Dividends paid	(9,009)	(9,550)	(9,156)
Other, net	--	--	251
Preferred stock issuance, net of cash expenses	--	--	77,359
Net cash (used) provided by financing activities	(896)	(19,366)	205,784
Net (decrease) increase in cash and cash equivalents	(1,612)	1,291	1,567
Cash and cash equivalents at beginning of year	4,999	3,708	2,141
Cash and cash equivalents at end of year	$ 3,387	4,999	3,708

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
On January 18, 1996, the shareholders of The Pittston Company (the "Company") approved the Brink's Stock Proposal, as described in the Company's proxy statement dated December 15, 1995, resulting in the modification, effective as of January 19, 1996, of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Pittston Services Group Common Stock, par value $1.00 per share, ("Services Stock") were redesignated as Pittston Brink's Group Common Stock, par value $1.00 per share, ("Brink's Stock") a new class of common stock, designated as Pittston Burlington Group Common Stock, par value $1.00 per share, ("Burlington Stock") was distributed on the basis of one-half of one share for each outstanding share of Services Stock. Holders of Pittston Minerals Group Common Stock, par value $1.00 per share, ("Minerals Stock") continue to be holders of such stock, which continues to reflect the performance of the Pittston Minerals Group (the "Minerals Group"). Brink's Stock is intended to reflect the performance of the Pittston Brink's Group (the "Brink's Group") and Burlington Stock is intended to reflect the performance of the Pittston Burlington Group (the "Burlington Group").

The financial statements of the Minerals Group include the balance sheets, the results of operations and cash flows of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company, and a portion of the Company's corporate assets and liabilities and related transactions which are not separately identified with operations of a specific segment. The Minerals Group's financial statements are prepared using the amounts included in the Company's consolidated financial statements. Corporate allocations reflected in these financial statements are determined based upon methods which management believes to be a reasonable and equitable allocation of such items (Note 2).

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

Principles of Combination
The accompanying financial statements reflect the combined accounts of the businesses comprising the Minerals Group. The Minerals Group's interests in 20% to 50% owned companies are carried on the equity method. All material intercompany items and transactions have been eliminated in combination. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, demand deposits and investments with original maturities of three months or less.

Short-term Investments
Short-term investments primarily include funds set aside by the Minerals Group for certain obligations and are carried at cost which approximates market. These investments have original maturities in excess of three months and not exceeding one year.

Inventories
Inventories are stated at cost (determined under the average cost method) or market, whichever is lower.

Property, Plant and Equipment
Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight-line method at varying rates depending upon estimated useful lives. Depletion of bituminous coal lands is provided on the basis of tonnage mined in relation to the estimated total of recoverable tonnage in the ground.

Mine development costs, primarily included in bituminous coal lands, are capitalized and amortized over the estimated useful life of the mine. These costs include expenses incurred for site preparation and development as well as operating deficits incurred at the mines during a development stage. A mine is considered under development until all planned production units have been placed in operation.

Valuation of coal properties is based primarily on mining plans and conditions assumed at the time of the evaluation. These valuations could be impacted by actual economic conditions which differ from those assumed at the time of the evaluation.

Intangibles
The excess of cost over fair value of net assets of businesses acquired is amortized on a straight-line basis over the estimated periods benefited.

The Minerals Group evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of assets value or useful lives. The Minerals Group annually assesses the recoverability of the excess of cost over net assets acquired by determining whether the amortization of the asset balance over its remaining life can be recovered through projected undiscounted future operating cash flows. Evaluation of asset value as well as periods of amortization are performed on a disaggregated basis.

Goodwill allocated to a potentially impaired asset will be identified with that asset in performing an impairment test in accordance with SFAS No. 121. If such tests indicate that an impairment exists, the carrying amount of the identified goodwill would be eliminated before making any reduction of the carrying amounts of impaired long-lived assets.

Coal Supply Contracts
Coal supply contracts consist of contracts to supply coal to customers at certain negotiated prices over a period of time, which have been acquired from other coal companies, and are stated at cost at the time of acquisition, which approximates fair market value. The capitalized cost of such contracts is amortized over the term of the contract on the basis of tons of coal sold under the contract.

Foreign Currency Translation
Assets and liabilities of foreign subsidiaries have been translated at current exchange rates, and related revenues and expenses have been translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments have been included in shareholder's equity.

Postretirement Benefits Other Than Pensions
Postretirement benefits other than pensions are accounted for in accordance with Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

Income Taxes
Income taxes are accounted for in accordance with Statement of Financial Accounting Standards 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 the differences are expected to reverse.

See Note 2 for allocation of the Company's U.S. federal income taxes to the Minerals Group.

Pneumoconiosis (Black Lung) Expense
The Minerals Group acts as self-insurer with respect to almost all black lung benefits. Provision is made for estimated benefits based on annual actuarial reports prepared by outside actuaries. The excess of the present value of expected future benefits over the accumulated book reserves is recognized over the amortization period as a level percentage of payroll. Cumulative actuarial gains or losses are calculated periodically and amortized on a straight-line basis. Assumptions used in the calculation of the actuarial present value of black lung benefits are based on actual retirement experience of the Company's coal employees, black lung claims incidence for active miners, actual dependent information, industry turnover rates, actual medical and legal cost experience and projected inflation rates. As of December 31, 1996 and 1995, the actuarially determined value of estimated future black lung benefits discounted at 6% was approximately $57,000 and $60,400, respectively, and is included in workers' compensation and other claims. Based on actuarial data, the amount (credited) charged to operations was ($2,216) in 1996, ($1,402) in 1995 and $201 in 1994. In addition, the Company accrued additional expenses for black lung benefits related to federal and state assessments, legal and administrative expenses and other self insurance costs. These costs amounted to $1,849 in 1996, $2,569 in 1995 and $2,472 in 1994.

Reclamation Costs
Expenditures relating to environmental regulatory requirements and reclamation costs undertaken during mine operations are charged against earnings as incurred. Estimated site restoration and post closure reclamation costs are charged against earnings using the units of production method over the expected economic life of each mine. Accrued reclamation costs are subject to review by management on a regular basis and are revised when appropriate for changes in future estimated costs and/or regulatory requirements.

Financial Instruments

From time to time, the Minerals Group uses foreign currency forward contracts to hedge the risk of changes in foreign currency rates associated with certain transactions denominated in Australian dollars. Realized and unrealized gains and losses on these contracts, designated and effective as hedges, are deferred and recognized as part of the specific transaction hedged.

The Minerals Group also utilizes other financial instruments to protect against adverse price movements in gold, which the company produces, as well as interest rate changes on certain variable rate debt. Gains and losses on these contracts, designated and effective as hedges, are deferred and recognized as part of the transaction hedged.

Revenue Recognition

Coal sales are generally recognized when coal is loaded onto transportation vehicles for shipment to customers. For domestic sales, this generally occurs when coal is loaded onto railcars at mine locations. For export sales, this generally occurs when coal is loaded onto marine vessels at terminal facilities.

Gold sales are recognized when products are shipped to a refinery. Settlement adjustments arising from final determination of weights and assays are reflected in sales when received.

Net Income Per Common Share

The computation of primary earnings per share is based on the weighted-average number of outstanding common shares divided into net income less preferred stock dividends. The computation of fully diluted earnings per common share assumes the conversion of the $31.25 Series C Cumulative Preferred Stock (issued in 1994) and additional shares assuming the exercise of stock options (antidilutive in the primary calculation) divided into net income. For 1994, the loss per share, assuming full dilution, is considered to be the same as primary since the effect of common stock equivalents and the preferred stock conversion would be antidilutive. The shares of Minerals Stock held in The Pittston Company Employee Benefits Trust (Note 11) are not included in the net income per share calculations as they were evaluated for inclusion in that calculation under the treasury stock method and had no dilutive effect.

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

In 1996, the Minerals Group adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 requires companies to review assets for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 121 resulted in a pretax charge to earnings in 1996 for the Minerals Group's Coal Operations of $29,948 ($19,466 after-tax), of which $26,312 was included in cost of sales and $3,636 was included in selling, general and administrative expenses. Assets for which the impairment loss was recognized consisted of property, plant and equipment, advanced royalties and goodwill. These assets primarily related to mines scheduled for closure in the near term and idled facilities and related equipment.

In 1996, the Minerals Group also adopted SFAS No. 123, "Accounting for Stock Based Compensation". SFAS No. 123 establishes financial accounting and reporting standards for stock-based employee compensation plans. SFAS No. 123 allows for the adoption of a fair value based method of accounting for all employee stock compensation plans or it allows entities to continue to measure compensation cost for those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees". APB No. 25 requires the disclosure of net income and net income per share as if the fair value based method of accounting is applied. The Minerals Group has elected to continue to account for its stock compensation plans according to APB No. 25 with the disclosure of the impact on net income and net income per share as if the fair value based method of accounting is applied (Note 10).

2. RELATED PARTY TRANSACTIONS

The following policies may be modified or rescinded by action of the Company's Board of Directors (the "Board"), or the Board may adopt additional policies, without approval of the shareholders of the Company, although the Board has no present intention to do so. The Company allocated certain corporate general and administrative expenses, net interest expense and related assets and liabilities in accordance with the policies described below. Corporate assets and liabilities are primarily deferred pension assets, income taxes and accrued liabilities.

Financial

As a matter of policy, the Company manages most financial activities of the Minerals Group, the Brink's Group and the Burlington Group on a centralized, consolidated basis. Such financial activities include the investment of surplus cash; the

issuance, repayment and repurchase of short-term and long-term debt; the issuance and repurchase of common stock and the payment of dividends. In preparing these financial statements, transactions primarily related to invested cash, short-term and long-term debt (including convertible debt), related net interest and other financial costs have been attributed to the Minerals Group based upon its cash flows for the periods presented after giving consideration to the debt and equity structure of the Company. At December 31, 1996 and 1995, the Company attributed long-term debt to the Minerals Group based upon the purpose for the debt in addition to the cash flow requirements of the Minerals Group. See Note 9 for details and amounts of long-term debt. The portion of the Company's interest expense allocated to the Minerals Group for 1996, 1995 and 1994 was $7,475, $6,335 and $4,448, respectively. Management believes such method of allocation to be equitable and a reasonable estimate of the cost attributable to the Minerals Group.

To the extent borrowings are deemed to occur between the Brink's Group, the Burlington Group and the Minerals Group, intergroup accounts have been established bearing interest at the rate in effect from time to time under the Company's unsecured credit lines or, if no such credit lines exist, at the prime rate charged by Chase Manhattan Bank from time to time. At December 31, 1996, the Minerals Group owed the Brink's Group and Burlington Group $24,027 and $7,730; respectively, and at December 31, 1995, the Minerals Group owed the Brink's Group and Burlington Group $17,945 and $19,910; respectively, as a result of borrowings.

Income Taxes
The Minerals Group is included in the consolidated U.S. federal income tax return filed by the Company.

The Company's consolidated provision and actual cash payments for U.S. federal income taxes are allocated between the Minerals Group, the Brink's Group and the Burlington Group in accordance with the Company's tax allocation policy and reflected in the financial statements for each Group. In general, the consolidated tax provision and related tax payments or refunds are allocated among the Groups, for financial statement purposes, based principally upon the financial income, taxable income, credits and other amounts directly related to the respective Group. Tax benefits that cannot be used by the Group generating such attributes, but can be utilized on a consolidated basis, are allocated to the Group that generated such benefits and an intergroup account is established for the benefit of the Group generating the attributes. As a result, the allocated Group amounts of taxes payable or refundable are not necessarily comparable to those that would have resulted if the Groups had filed separate tax returns. At December 31, 1996, the Minerals Group was owed $18,760 and $24,310 from the Brink's Group and the Burlington Group, respectively for such tax benefits, of which $8,760 and $13,310, respectively, were not expected to be received within one year from such dates in accordance with the policy. At December 31, 1995, the Minerals Group was owed $21,844 and $22,029 from the Brink's Group and the Burlington Group, respectively, for such tax benefits, of which $7,844 and $8,029, respectively, were not expected to be received within one year from such date. The Brink's and Burlington Groups paid the Minerals Group $14,470 and $14,949, respectively in 1996 and $10,172 and $11,328, respectively, in 1995 for the utilization of such tax benefits.

Shared Services
A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Minerals Group based upon utilization and other methods and criteria which management believes to be equitable and a reasonable estimate of the cost attributable to the Minerals Group. These allocations were $6,555, $7,266 and $6,845 in 1996, 1995 and 1994, respectively.

Pension
The Minerals Group's pension cost related to its participation in the Company's noncontributory defined benefit pension plan is actuarially determined based on its respective employees and an allocable share of the pension plan assets and calculated in accordance with Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" ("SFAS 87"). Pension plan assets have been allocated to the Minerals Group based on the percentage of its projected benefit obligation to the plan's total projected benefit obligation. Management believes such method of allocation to be equitable and a reasonable estimate of the cost attributable to the Minerals Group.

3. SHAREHOLDER'S EQUITY

The following analyzes shareholder's equity of the Minerals Group for the periods presented:

	As of December 31		
	1996	1995	1994
Balance at beginning of period	$ (8,679)	(8,596)	(24,857)
Net income (loss)	10,658	14,024	(52,948)
Stock options exercised	43	1,203	1,767
Stock released from employee benefits trust to employee benefits plan	2,100	1,745	712
Issuance of $31.25 Series C Cumulative Preferred Stock, net of cash expenses	--	--	77,082
Stock repurchases	(7,895)	(7,173)	(3,767)
Dividends declared	(9,059)	(9,493)	(9,165)
Foreign currency translation adjustment	1,111	(566)	1,712
Tax benefit of options exercised	61	177	617

Other, net	--	--	251
Balance at end of period	$(11,660)	(8,679)	(8,596)

The cumulative foreign currency translation adjustment included in shareholder's equity is $1,171, $60 and $626 at December 31, 1996, 1995 and 1994, respectively.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consist of the following:

	As of December 31 1996	1995
Bituminous coal lands	$101,988	109,400
Land, other than coal lands	22,461	21,649
Buildings	8,853	9,204
Machinery and equipment	191,622	225,744
Total	$324,924	365,997

The estimated useful lives for property, plant and equipment are as follows:

	Years
Buildings	10 to 40
Machinery and equipment	3 to 30

Depreciation and depletion of property, plant and equipment aggregated $22,633 in 1996, $25,164 in 1995 and $27,481 in 1994.

Mine development costs which were capitalized totaled $8,144 in 1996, $10,118 in 1995 and $11,908 in 1994.

5. ACCOUNTS RECEIVABLE--TRADE

For each of the years in the three-year period ended December 31, 1996, the Company, on behalf of the Minerals Group, maintained agreements with financial institutions whereby it had the right to sell certain coal receivables to those institutions. Certain agreements contained provisions for sales with recourse. In 1996 and 1995, total coal receivables of $15,390 and $25,092, respectively, were sold under such agreements. As of December 31, 1996 and 1995, receivables sold which remained to be collected totaled $5,183 and $5,222, respectively.

6. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $8,914 at December 31, 1996 and $5,906 at December 31, 1995. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $3,128 in 1996, $3,099 in 1995 and $2,642 in 1994.

7. FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Minerals Group to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments and trade receivables. The Minerals Group's cash and cash equivalents and short-term investments are placed with high credit quality financial institutions. Also, by policy, the amount of credit exposure to any one financial institution is limited. The Minerals Group makes substantial sales to a few relatively large customers. Credit limits, ongoing credit evaluation and account monitoring procedures are utilized to minimize the risk of loss from nonperformance on trade receivables.

The following details the fair values of 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 Minerals Group'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.

Off-balance sheet instruments
The Minerals Group utilizes off-balance sheet financial instruments, as discussed below, to hedge its market exposures. The risk that counterparties to these contracts may be unable to perform is minimized by limiting the counterparties to major financial institutions. The Minerals Group does not expect any losses due to such counterparty default.

Foreign currency forward contracts--The Minerals Group enters into foreign currency forward contracts from time to time, with a duration of up to 360 days as a hedge against liabilities denominated in the Australian dollar. These contracts do not subject the Minerals Group to risk due to exchange rate movements because gains and losses on these contracts offset losses and gains on the liabilities being hedged. At December 31, 1996, no such currency forward contracts were outstanding.

Gold contracts--In order to protect itself against downward movements in gold prices, the Minerals Group hedges a portion of its recoverable proven and probable reserves primarily through forward sales contracts. At December 31, 1996, 37,808 ounces of gold, representing approximately 14% of the Minerals Group's recoverable proven and probable reserves, were sold forward under forward sales contracts that mature periodically through early 1998. Because only a portion of its future production is currently sold forward, the Minerals Group can take advantage of increases, if any, in the spot price of gold. At December 31, 1996, the fair value of the Minerals Group's forward sales contracts amounted to $3,233.

Interest rate contracts--As discussed further in Note 9, in 1996, 1995 and 1994, the Company entered into variable to fixed interest rate swap agreements. Fair value at December 31, 1996 was not significant. These contracts have been attributed to the Minerals Group.

8. INCOME TAXES

The provision (credit) for income taxes consists of the following:

	U.S. Federal	Foreign	State	Total
1996:				
Current	$(29,325)	--	--	(29,325)
Deferred	20,893	1,195	--	22,088
Total	$ (8,432)	1,195	--	(7,237)
1995:				
Current	$(25,432)	--	--	(25,432)
Deferred	15,664	748	--	16,412
Total	$ (9,768)	748	--	(9,020)
1994:				
Current	$(26,599)	50	--	(26,549)
Deferred	(17,954)	1,008	97	(16,849)
Total	$(44,553)	1,058	97	(43,398)

The significant components of the deferred tax expense (benefit) were as follows:

	Years Ended December 31 1996	1995	1994
Deferred tax expense (benefit), exclusive of the components listed below	$ 18,064	17,038	(13,733)
Net operating loss carryforwards	(327)	(631)	(595)
Alternative minimum tax credit	3,337	(326)	(1,021)
Change in the valuation allowance for deferred tax assets	1,014	331	(1,500)
Total	$ 22,088	16,412	(16,849)

The tax benefit for compensation expense related to the exercise of certain employee stock options for tax purposes in excess of compensation expense for financial reporting purposes is recognized as an adjustment to shareholder's equity.

The components of the net deferred tax asset as of December 31, 1996, and December 31, 1995, were as follows:

	1996	1995
Deferred tax assets:		
Accounts receivable	$ 973	778
Postretirement benefits other than pensions	96,951	92,649
Workers' compensation and other claims	46,791	50,157
Other liabilities and reserves	53,337	77,390
Miscellaneous	8,405	8,505
Net operating loss carryforwards	3,235	2,908
Alternative minimum tax credits	7,579	10,895
Valuation allowance	(9,460)	(8,446)
Total deferred tax assets	207,811	234,836
Deferred tax liabilities:		
Property, plant and equipment	24,486	29,959
Pension assets	33,179	32,152

Other assets	11,392	9,321
Miscellaneous	48,626	52,028
Total deferred tax liabilities	117,683	123,460
Net deferred tax asset	$ 90,128	111,376

The recording of deferred federal tax assets is based upon their expected utilization in the Company's consolidated federal income tax return and the benefit that would accrue to the Minerals Group under the Company's tax allocation policy.

The valuation allowance relates to deferred tax assets in certain foreign and state jurisdictions.

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory U.S. federal income tax rate of 35% in 1996, 1995 and 1994 to the income (loss) before income taxes.

	Years Ended December 31		
	1996	1995	1994
Income (loss) before income taxes:			
United States	$ 100	3,539	(99,400)
Foreign	3,321	1,465	3,054
Total	$ 3,421	5,004	(96,346)
Tax provision computed at statutory rate	$ 1,197	1,751	(33,721)
Increases (reductions) in taxes due to:			
Percentage depletion	(7,644)	(9,861)	(9,313)
State income taxes (net of federal tax benefit)	(1,014)	(726)	1,563
Change in the valuation allowance for deferred tax assets	1,014	331	(1,500)
Miscellaneous	(790)	(515)	(427)
Actual tax credit	$(7,237)	(9,020)	(43,398)

It is the policy of the Minerals Group to accrue deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries and affiliates which are expected to reverse in the foreseeable future. As of December 31, 1996 and December 31, 1995, there was no unrecognized deferred tax liability for temporary differences related to investments in foreign subsidiaries and affiliates.

The Minerals Group is included in the Company's consolidated U.S. federal income tax return.

As of December 31, 1996, the Minerals Group had $7,579 of alternative minimum tax credits allocated to it under the Company's tax allocation policy. Such credits are available to offset future U.S. federal income taxes and, under current tax law, the carryforward period for such credits is unlimited.

The tax benefit of net operating loss carryforwards for the Minerals Group as at December 31, 1996 was $3,235 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

9. LONG-TERM DEBT

A portion of the outstanding debt under the Company's revolving credit agreement has been attributed to the Minerals Group. Total long-term debt of the Minerals Group consists of the following:

	As of December 31	
	1996	1995
Senior obligations	$ 350	413
Obligations under capital leases (average rate 7.74% in 1996 and 6.22% in 1995)	1,022	378
	1,372	791
Attributed portion of Company's debt		
U.S. dollar term loan due 2001 (year end rate 5.97% in 1996 and 6.56% in 1995)	100,000	100,000
Revolving credit notes due 2001 (year-end rate 7.01% in 1996)	23,200	--
Total long-term debt, less current maturities	124,572	100,791
Current maturities of long-term debt:		
Other senior obligations	77	154
Capital leases	318	1,045
Total current maturities of long-term debt	395	1,199
Total long-term debt including current maturities	$124,967	101,990

For the four years through December 31, 2001, minimum repayments of long-term debt outstanding are as follows:

1998	$ 521
1999	308
2000	357
2001	123,386

The Company has a $350,000 revolving credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and also permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. During the second quarter of 1996, the maturity date of both the term loan and revolving credit portion of the Facility was extended to May 31, 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. During 1995, $23,400 of the term loan obligation attributed to the Burlington Group was assumed by the Minerals Group as partial settlement of the Minerals Group payable to the Burlington Group. At December 31, 1996, in addition to the borrowings, the $100,000 term loan, of $23,200, were outstanding. All borrowings were attributed to the Minerals Group.

In 1994, the Company entered into a standard three year variable to fixed interest rate swap agreement on a portion of the Company's U.S. dollar term loan. This agreement fixed the Company's interest rate at 5% on initial borrowings of $40,000 in principal. The principal amount to which the 5% interest rate applies declines periodically throughout the term of the agreement, and at December 31, 1996, this rate applied to borrowings of $5,000 in principal. During 1995, the Company entered into two other variable to fixed interest rate swap agreements. One agreement fixes the Company's interest rate at 5.80% on $20,000 in principal for a term of three years. The other agreement fixes the Company's interest rate at 5.66% for a term of 21 months on $20,000 in principal. During 1996, the Company entered into a variable to fixed interest rate swap agreement which fixes the Company's interest rate at 4.9% on initial borrowings of $5,000 in principal. The principal amount increases by $5,000 each quarter through the first quarter of 1998. The principal amount to which the 4.9% interest rate applied as of December 31, 1996 was $15,000.

Under the terms of some of its debt instruments, the Company has agreed to various restrictions relating to the payment of dividends, the repurchase of capital stock, the maintenance of consolidated net worth, and the amount of additional funded debt which may be incurred. Allowable restricted payments for dividends and stock repurchases aggregated $255,810 at December 31, 1996. Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $560,000.

At December 31, 1996, the Company's portion of outstanding unsecured letters of credit allocated to the Minerals Group was $38,047, primarily supporting its obligations under its various self-insurance programs.

10. STOCK OPTIONS

The Company has various stock-based compensation plans as described below.

Stock Option Plans

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1996, 1995 and 1994 have a maximum term of six years and vest 100% at the end of the third year. The Non-Employee Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1996, 1995 and 1994 have a maximum term of six years and vest ratably over the first three years. The total number of shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 572,201. Under the Non-Employee Plan, the total number of shares underlying options authorized for grant, not yet granted, is 35,400.

The Company's 1979 Stock Option Plan (the "1979 Plan") and 1985 Stock Option Plan (the "1985 Plan") terminated in 1985 and 1988, respectively, except as to options still outstanding.

As part of the Brink's Stock Proposal (Note 1), the 1988 and the Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or Burlington Stock, in addition to Minerals Stock. The approval of the Brink's Stock Proposal had no affect on options for Minerals Stock.

The table below summarizes the related plan activity.

	Shares	Aggregate Exercise Price
Outstanding at December 31, 1993	623,498	$ 11,023
Granted	23,000	431
Exercised	(128,667)	(1,765)
Forfeited or expired	(10,508)	(118)
Outstanding at December 31, 1994	507,323	9,571
Granted	258,300	2,665
Exercised	(95,129)	(1,203)
Forfeited or expired	(72,697)	(1,674)
Outstanding at December 31, 1995	597,797	9,359
Granted	3,800	47
Exercised	(3,400)	(45)
Forfeited or expired	(15,450)	(229)
Outstanding at December 31, 1996	582,747	$ 9,132

Options exercisable at the end of 1996, 1995 and 1994, respectively, for Minerals Stock were 291,860, 214,163 and 271,815.

The following table summarizes information about stock options outstanding as of December 31, 1996.

	Stock Options	Stock Options

	Outstanding			Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 8.74 to 13.00	286,110	4.30	$ 10.40	32,893	$10.81
13.43 to 18.63	111,637	3.08	15.18	99,637	14.78
23.82 to 25.74	185,000	6.93	25.73	159,330	25.74
Total	582,747			291,860	

Employee Stock Purchase Plan
Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 250,000 shares of Minerals Stock, to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 29,831 shares and 44,098 shares of Minerals Stock to employees during 1996 and 1995, respectively.

Accounting For Plans
The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", but applies APB Opinion No. 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized in the accompanying financial statements. Had compensation costs for the Company's plans been determined based on the fair value of awards at the grant dates, consistent with SFAS No. 123, the Minerals Group's net income and earnings per share would approximate the pro forma amounts indicated below:

	Years Ended December 31 1996	1995
Net Income attributed to common shares		
Minerals Group		
As Reported	$ 8,983	11,262
Pro Forma	8,711	10,925
Net Income per common share		
Minerals Group		
Primary, As Reported	1.14	1.45
Primary, Pro Forma	1.10	1.40
Fully Diluted, As Reported	1.08	1.40
Fully Diluted, Pro Forma	1.05	1.37

Note: The pro forma disclosures shown may not be representative of the effects on reported net income in future years.

The fair value of each stock option grant used to compute pro forma net income and net income per share disclosures is estimated at the time of the grant using the Black-Scholes option-pricing model. The weighted-average assumptions used in the model are as follows:

	1996	1995
Expected dividend yield	4.8%	4.8%
Expected volatility	37%	38%
Risk-free interest rate	6.1%	5.7%
Expected term (in years)	3.7	4.2

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1996 and 1995 is $10 and $687, respectively.

Under SFAS 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1996 and 1995 was $143 and $290 for the Minerals Group, respectively.

11. CAPITAL STOCK

The Company, at any time, has the right to exchange each outstanding share of Minerals Stock, which was previously subject to exchange for shares of Services Stock, for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Burlington Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Minerals Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Minerals Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Burlington Stock) having a fair market value equal to 115% of the fair market value of one share of Minerals Stock. If any shares of the Company's Preferred Stock are converted after an exchange of Minerals Stock for Brink's Stock (or Burlington Stock), the holder of such Preferred Stock would, upon conversion, receive shares of Brink's Stock (or Burlington Stock) in lieu of shares of Minerals Stock otherwise issuable upon such conversion.

The Company, at any time, has the right to exchange each outstanding share of Burlington Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of Burlington Stock. In addition, upon the disposition of all or substantially all of the properties and assets of the Burlington Group to any person (with certain exceptions), the Company is required to exchange each outstanding share of Burlington Stock for shares of Brink's Stock (or, if no Brink's Stock is then outstanding, Minerals Stock) having a fair market value equal to 115% of the fair market value of one share of Burlington Stock.

Holders of Brink's Stock at all times have one vote per share. Holders of Burlington Stock and Minerals Stock have one and 0.626 votes per share, respectively, subject to adjustment on January 1, 1998, and on January 1 every two years thereafter in such a manner so that each class' share of the aggregate voting

power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of Burlington Stock and Minerals Stock may have more than, less than or continue to have the number of votes per share as they have. Holders of Brink's Stock, Burlington Stock and Minerals Stock vote together as a single voting group on all matters as to which all common shareholders are entitled to vote. In addition, as prescribed by Virginia law, certain amendments to the Articles of Incorporation affecting, among other things, the designation, rights, preferences or limitations of one class of common stock, or certain mergers or statutory share exchanges, must be approved by the holders of such class of common stock, voting as a group, and, in certain circumstances, may also have to be approved by the holders of the other classes of common stock, voting as separate voting groups.

In the event of a dissolution, liquidation or winding up of the Company, the holders of Brink's Stock, Burlington Stock and Minerals Stock, effective January 19, 1996, share on a per share basis an aggregate amount equal to 55%, 28% and 17%, respectively, of the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage has been set, using a nominal number of shares of Minerals Stock of 4,202,954 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding, to ensure that the holders of Minerals Stock are entitled to the same share of any such funds immediately following the consummation of the transactions as they were prior thereto. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, Burlington 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).

In November 1995, the Board of Directors (the "Board") authorized a revised share repurchase program which allows for the repurchase of up to 1,000,000 shares of Minerals Stock, not to exceed an aggregate purchase price of $45,000 for all common shares of the Company; such shares to be purchased from time to time in the open market or in private transactions, as conditions warrant. Prior to the revised program, 117,300 shares of Minerals Stock at an aggregate cost of $1,720 were repurchased, of which 78,800 shares at a total cost of $912 were purchased in 1995. No additional repurchases of Minerals Stock were made during the remainder of 1995 subsequent to the increased authorization. No shares were repurchased in 1996. The program to acquire shares remains in effect in 1997.

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 $80,500 or 161,000 shares of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The proceeds of the Convertible Preferred Stock offering have been attributed to the Minerals Group. The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available therefore; when as and if declared by the Board, and bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon. Each share of the Convertible Preferred Stock is convertible at the option of the holder unless previously redeemed or, under certain circumstances, called for redemption, into shares of Minerals Stock at a conversion price of $32.175 per share of Minerals Stock, subject to adjustment in certain circumstances. Except under certain circumstances, the Convertible Preferred Stock is not redeemable prior to February 1, 1997. On and after such date, the Company may, at its option, redeem the Convertible Preferred Stock, in whole or in part, for cash initially at a price of $521.875 per share, and thereafter at prices declining ratable annually on each February 1 to an amount equal to $500 per share on and after February 1, 2004, plus in each case and 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. The voting rights of the Preferred Stock were not affected by the Brink's Stock Proposal.

In 1994, the Board authorized the repurchase from time to time of up to $15,000 of Convertible Preferred Stock. Subsequent to the authorization and through October 1995, 24,720 shares at a total cost of $9,624 had been repurchased, of which 16,370 shares at a total cost of $6,258 were purchased in 1995. In November 1995, the Board authorized an increase in the remaining authority to $15,000. No additional share repurchases were made during the remainder of 1995 subsequent to the increased authorization. In 1996, 20,920 shares at a total cost of $7,897 were repurchased. The program to acquire shares remains in effect in 1997, and in February 1997, the Board authorized an increase in the remaining repurchase authority to $15 million.

In 1996 and 1995, dividends paid on such stock were $3,795 and $4,341, respectively. Preferred dividends included on the Minerals Group's Statements of Operations for the years ended December 31, 1996 and 1995 are net of $2,120 and $1,579, respectively, which was the excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders of the stock for repurchases made during each year.

The Company's Articles of Incorporation limits dividends on Minerals Stock to the lesser of (i) all funds of the Company legally available therefore (as prescribed by Virginia law) and (ii) the Available Minerals Dividend Amount (as defined in the Articles of Incorporation). At December 31, 1996, the Available Minerals Dividend Amount was at least $22,099. Dividends on Minerals Stock are also restricted by covenants in the Company's public indentures and bank credit agreements. See the Company's consolidated financial statements and related footnotes. Subject to these limitations, the Company's Board, although there is no requirement to do so, intends to declare and pay dividends on the Minerals Stock based primarily on the earnings, financial condition, cash flow and business requirements of the Minerals Group.

In December 1992, the Company formed The Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock to fund obligations under certain employee benefits programs not including stock option plans. The trust first began funding obligations under the Company's various stock option plans in September 1995. Upon formation of the Trust, the Company sold for a promissory note of the Trust, 4,000,000 new shares of its common stock to the Trust at a price equal to the fair value of the stock on the date of sale. Upon approval of the Services Stock Proposal, 3,871,826 shares in the Trust were redesignated as Services Stock and 774,365 shares of Minerals Stock were distributed to the Trust. At December 31, 1996, 423,652 shares of Minerals Stock (594,461 in 1995) remained in the Trust, valued at market. The value of these shares has no impact on shareholder's equity.

12. ACQUISITIONS

The following represents significant acquisitions for the Minerals Group for 1996, 1995 and 1994.

In 1994, a wholly owned indirect subsidiary of the Minerals Group completed the acquisition of substantially all of the coal mining operations and coal supply contracts of Addington Resources, Inc. ("Addington") for $157,324. The acquisition has been accounted for as a purchase; accordingly, the purchase price has been allocated to the underlying assets and liabilities based on their respective estimated fair values at the date of acquisition. The fair value of assets acquired was $173,959 and liabilities assumed was $138,518. The excess of the purchase price over the fair value of assets acquired and liabilities assumed was $121,883 and is being amortized over a period of forty years. The acquisition was financed by the issuance of $80,500 of Convertible Preferred Stock (Note 11) and additional borrowings under existing credit facilities. In March 1994, the additional debt incurred for this acquisition was refinanced with a portion of the proceeds from the five-year term loan (Note 9).

There were no significant acquisitions in 1995 or 1996.

The results of operations of the businesses acquired in 1996, 1995 and 1994 have been included in the Minerals Group's results of operations from their date of acquisition.

13. COAL JOINT VENTURE

The Minerals Group, through a wholly owned indirect subsidiary of the Company, has a partnership agreement, Dominion Terminal Associates ("DTA"), with three other coal companies to operate coal port facilities in Newport News, Virginia, in the Port of Hampton Roads (the "Facilities"). The Facilities, in which the Minerals Group has a 32.5% interest, has an annual throughput capacity of 22 million tons, with a ground storage capacity of approximately 2 million tons. The Facilities financing is provided by a series of coal terminal revenue refunding bonds issued by the Peninsula Ports Authority of Virginia (the "Authority"), a political subdivision of the Commonwealth of Virginia, in the aggregate principal amount of $132,800, of which $43,160 are attributable to the Company. These bonds bear a fixed interest rate of 7.375%. The Authority owns the Facilities and leases them to DTA for the life of the bonds, which mature on June 1, 2020. DTA may purchase the facilities for one dollar at the end of the lease term. The obligations of the partners are several, and not joint.

Under loan agreements with the Authority, DTA is obligated to make payments sufficient to provide for the timely payment of principal and interest on the bonds. Under a throughput and handling agreement, the Minerals Group has agreed to make payments to DTA that in the aggregate will provide DTA with sufficient funds to make the payments due under the loan agreements and to pay the Minerals Group's share of the operating costs of the Facilities. The Company has also unconditionally guaranteed the payment of the principal and premium, if any, and the interest on the bonds. Payments for operating costs aggregated $5,208 in 1996, $6,841 in 1995 and $7,173 in 1994. The Minerals Group has the right to use 32.5% of the throughput and storage capacity of the Facilities subject to user rights of third parties which pay the Minerals Group a fee. The Minerals Group pays throughput and storage charges based on actual usage at per ton rates determined by DTA.

14. LEASES

The Minerals Group's businesses lease coal mining and other equipment under long-term operating leases with varying terms, and most of the leases contain renewal and/or purchase options. As of December 31, 1996, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Facilities	Equipment & Other	Total
1997	$ 345	18,322	18,667
1998	344	12,245	12,589
1999	325	6,192	6,517
2000	297	3,129	3,426
2001	233	523	756
2002	2	--	2
2003	2	--	2
2004	2	--	2
2005	2	--	2
Later Years	2	--	2
Total	$1,554	40,411	41,965

These amounts are net of aggregate future minimum noncancellable sublease rentals of $1,269. Almost all of the above amounts related to equipment are guaranteed by the Company.

Net rent expense amounted to $24,236 in 1996, $34,363 in 1995, and $35,583 in 1994.

The Minerals Group incurred capital lease obligations of $1,031 in 1996, $12 in 1995 and $746 in 1994. As of December 31, 1996, the Minerals Group's obligations under capital leases were not significant (Note 9).

15. EMPLOYEE BENEFIT PLANS

The Minerals Group's businesses participate in the Company's noncontributory defined benefit pension plan covering substantially all nonunion employees who meet certain minimum requirements. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The Minerals Group's pension cost is actuarially determined based on its employees and an allocable share of the pension plan assets. The Company's policy is to fund the actuarially determined amounts necessary to provide assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations.

The net pension credit for 1996, 1995 and 1994 for the Minerals Group is as follows:

	Years Ended December 31		
	1996	1995	1994
Service cost--benefits earned during year	$ 3,561	3,306	3,609
Interest cost on projected benefit obligation	9,921	9,548	9,024
Loss (return) on assets--actual	(25,571)	(38,005)	1,664
(Loss) return on assets--deferred	8,641	22,199	(16,978)
Other amortization, net	2,323	7	2,270
Net pension credit	$ (1,125)	(2,945)	(411)

The assumptions used in determining the net pension credit for the Company's primary pension plan were as follows:

	1996	1995	1994
Interest cost on projected benefit obligation	7.5%	8.75%	7.5%
Expected long-term rate of return on assets	10.0%	10.0%	10.0%
Rate of increase in compensation levels	4.0%	4.0%	4.0%

The Minerals Group's allocated funded status and deferred pension assets at December 31, 1996 and 1995 are as follows:

	1996	1995
Actuarial present value of accumulated benefit obligation:		
Vested	$121,093	121,632
Nonvested	3,870	3,838
	124,963	125,470
Benefits attributable to projected salaries	13,063	11,512
Projected benefit obligation	138,026	136,982
Plan assets at fair value	204,577	187,537
Excess of plan assets over projected benefit obligation	66,551	50,555

Unrecognized experience loss	12,622	27,307
Unrecognized prior service cost	236	273
Net pension assets	79,409	78,135
Current pension liabilities	1,658	1,258
Deferred pension assets per balance sheet	$ 81,067	79,393

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 8% in 1996 and 7.5% in 1995. The expected long-term rate of return on assets was 10% in both years. The rate of increase in compensation levels used was 4% in 1996 and 1995.

The unrecognized initial net asset at January 1, 1986, the date of adoption of SFAS 87, has been amortized over the estimated remaining average service life of the employees. As of December 31, 1996, approximately 73% of plan assets were invested in equity securities and 27% in fixed income securities.

Under the 1990 collective bargaining agreement with the United Mine Workers of America ("UMWA"), the Minerals Group agreed to make payments at specified contribution rates for the benefit of the UMWA employees. The trustees of the UMWA pension fund contested the agreement and brought action against the Company. While the case was in litigation, Minerals Group's benefit payments were made into an escrow account for the benefit of union employees. During 1996, the case was settled and the escrow funds were released (Note 19). As a result of the settlement, the Coal subsidiaries agreed to continue their participation in the UMWA 1974 pension plan at defined contribution rates.

The Minerals Group also provides certain postretirement health care and life insurance benefits for eligible active and retired employees in the United States.

For the years 1996, 1995 and 1994, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31		
	1996	1995	1994
Service cost--benefits earned during year	$ 1,810	1,523	2,141
Interest cost on accumulated post-retirement benefit obligation	19,752	19,510	20,948
Amortization of (gains) losses	1,128	--	2,806
Total expense	$22,690	21,033	25,895

Interest costs on the accumulated postretirement benefit obligation were based upon rates of 7.5% in 1996, 8.75% in 1995 and 7.5% in 1994.

At December 31, 1996 and 1995, the actuarial and recorded liabilities for these postretirement benefits, none of which have been funded, were as follows:

	Years Ended December 31	
	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	$ 235,565	230,217
Fully eligible active plan participants	23,959	24,031
Other active plan participants	21,416	26,303
	280,940	280,551
Unrecognized experience loss	(43,530)	(48,197)
Liability included on the balance sheet	237,410	232,354
Less current portion	17,693	18,647
Noncurrent liability for postretirement health care and life insurance benefits	$ 219,717	213,707

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 8% in 1996 and 7.5% in 1995. The assumed health care cost trend rate used in 1996 was 8.24% for pre-65 retirees, grading down to 5% in the year 2001. For post-65 retirees, the assumed trend rate in 1996 was 6.9%, grading down to 5% in the year 2001. The assumed medicare cost trend rate used in 1996 was 6.46%, grading down to 5% in the year 2001.

A percentage point increase each year in the assumed health care cost trend rate used would have resulted in an increase of approximately $3,000 in the aggregate service and interest components of expense for the year 1996, and an increase of approximately $36,000 in the accumulated postretirement benefit obligation at December 31, 1996.

The Minerals Group also participates in the Company's Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 50% to 100% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $1,004 in 1996, $1,204 in 1995 and $1,468 in 1994.

The Minerals Group sponsors other defined contribution plans and contributions under these plans aggregated $368 in 1995 and $470 in 1994. There was no expense during 1996 as these plans were terminated.

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", the Company and certain of its subsidiaries (the "Pittston Companies") are jointly and severally liable for annual premiums for assigned beneficiaries, together with a pro rata share for certain beneficiaries who never worked for such employers ("unassigned beneficiaries"), in amounts determined on the basis set forth in the Health Benefit Act. For 1996, 1995 and

1994, these amounts, on a pretax basis, were approximately $10,400, $10,800 and $11,000, respectively. The Company believes that the annual liability under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $10,000 per year for the next several years and should begin to decline thereafter as the number of such assigned beneficiaries decreases.

Based on the number of beneficiaries actually assigned by the Social Security Administration, the Company estimates the aggregate pretax liability relating to the Pittston Companies' remaining assigned beneficiaries at approximately $210,000, which when discounted at 8% provides a present value estimate of approximately $90,000.

The ultimate obligation that will be incurred by the Company could be significantly affected by, among other things, increased medical costs, decreased number of beneficiaries, governmental funding arrangements and such federal health benefit legislation of general application as may be enacted. In addition, the Health Benefit Act requires the Pittston Companies to fund, pro rata according to the total number of assigned beneficiaries, a portion of the health benefits for unassigned beneficiaries. At this time, the funding for such health benefits is being provided from another source and for this and other reasons the Pittston Companies' ultimate obligation for the unassigned beneficiaries cannot be determined. The Company accounts for its obligations under the Health Benefit Act as a participant in a multi-employer plan and recognizes the annual cost on a pay-as-you-go basis.

16. RESTRUCTURING AND OTHER (CREDITS) CHARGES,
INCLUDING LITIGATION ACCRUAL

Refer to Note 19 for a discussion of the benefit ($35,650) of the reversal of a litigation accrual related to the Evergreen Case.

The market for metallurgical coal, for much of the past fifteen years, has been characterized by weak demand from primary steel producers and intense competition from foreign coal producers, especially those in Australia and Canada. Metallurgical coal sales contracts are typically subject to annual price negotiations, which increase the risk of market forces. As a result of these conditions in the metallurgical coal markets, Coal Operations decreased its exposure to this business by selecting to participate only in those higher-margin metallurgical markets which generate acceptable profitability. Simultaneously with that business decision, management conducted a review of the economic viability of its metallurgical coal assets in early 1994 and determined that four underground mines were no longer economically viable and should be closed, resulting in significant economic impairment to three related preparation plants. In addition, it was determined that one surface steam coal mine, the Heartland mine, which provided coal to Alabama Power under a long-term sales agreement, would be closed due to rising costs caused by unfavorable geological conditions.

As a result of these decisions, Coal Operations incurred pretax charges of $90,806 ($58,116 after-tax) in the first quarter of 1994, which included a reduction in the carrying value of these assets and related accruals for mine closure costs. These charges included asset writedowns of $46,487, $3,836 for required lease payments owed to lessors for machinery and equipment that would be idled as a result of the mine and facility closures, $19,290 for mine and plant closure costs and $21,193 in contractually or statutorily required employee severance and other benefit costs associated with terminated and inactive employees at these facilities.

Of the four underground mines included in the asset writedown, two ceased coal production in 1994 and one ceased coal production in 1996. Also, in 1994, the Coal Operations reached agreement with Alabama Power Company to transfer the coal sales contract serviced by the Heartland mine to another location in West Virginia. The Heartland mine ceased coal production during 1994 and final reclamation and environmental work is complete. By early 1995, two of the three related preparation plants had also closed. At the beginning of 1994 there were approximately 750 employees involved in operations and other administrative support at the facilities included in the 1994 charge. Employment at these facilities was reduced by 52% to approximately 360 employees at December 31, 1994; by 81% to approximately 140 employees at December 31, 1995; and by 87% to approximately 100 employees at December 31, 1996.

The initiation in 1996 of a Virginia tax credit, along with favorable labor negotiations and improved metallurgical contract pricing over 1994, led management to open three new underground coal mines in southwest Virginia during late 1996 and to reactivate one coal preparation and loading facility. In addition, management decided to continue operating the last of the four underground mines and one related coal preparation and loading facility included in the 1994 charge. As a result of these decisions and favorable workers' compensation claim development for closed mines, a portion of the restructuring reserve established in 1994 was no longer required. Accordingly, Coal Operations reversed $11,649 ($7,572 after-tax) of its restructuring reserve during the year.

Although coal production has ceased at the mines remaining in the accrual, Coal Operations will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. In addition, employee termination and medical costs will continue to be incurred for several years after the facilities have been closed. Management believes that the reserve, as adjusted, at December 31, 1996, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The following table analyzes the changes in liabilities during the last three years for facility closure costs recorded as restructuring and other charges:

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance January 1, 1994	$3,092	28,434	34,217	65,743
Additions	3,836	19,290	21,193	44,319
Payments (a)	3,141	9,468	12,038	24,647
Balance December 31, 1994	3,787	38,256	43,372	85,415
Payments (b)	1,993	7,765	7,295	17,053
Other reductions (c)	576	1,508	--	2,084
Balance December 31, 1995	1,218	28,983	36,077	66,278
Reversals	--	4,778	6,871	11,649
Payments (d)	842	5,499	3,921	10,262
Other reductions (c)	--	6,267	--	6,267
Balance December 31, 1996	$ 376	12,439	25,285	38,100

(a) Of the total payments made, in 1994, $8,672 was for liabilities recorded in years prior to 1993, $5,822 was for liabilities recorded in 1993 and $10,153 was for liabilities recorded in 1994.

(b) Of the total payments made in 1995, $6,424 was for liabilities recorded in years prior to 1993, $2,486 was for liabilities recorded in 1993 and $8,143 was for liabilities recorded in 1994.

(c) These amounts represent the assumption of liabilities by third parties as a result of sales transactions.

(d) Of the total payments made in 1996, $5,119 was for liabilities recorded in years prior to 1993, $485 was for liabilities recorded in 1993, $4,658 was for liabilities recorded in 1994.

During the next 12 months, expected cash funding of these charges will be approximately $6,000 to $10,000. Management estimates that the remaining liability for leased machinery and equipment will be fully paid over the next year. The liability for mine and plant closure costs is expected to be satisfied over the next ten years, of which approximately 49% is expected to be paid over the next two years. The liability for employee related costs, which is primarily workers' compensation, is estimated to be 44% settled over the next four years with the balance paid during the following five to ten years.

17. OTHER OPERATING INCOME

Other operating income primarily includes royalty income and gains on sales of assets.

18. SEGMENT INFORMATION

Net sales by geographic area are as follows:

	Years Ended December 31 1996	1995	1994
United States:			
Domestic customers	$421,645	467,479	512,875
Export customers in Europe	112,738	108,111	131,447
Export customers in Japan	52,033	67,145	71,937
Other export customers	90,977	63,516	63,245
	677,393	706,251	779,504
Australia	19,120	16,600	15,494
Total net sales	$696,513	722,851	794,998

The following is derived from the business segment information in the Company's consolidated financial statements as it relates to the Minerals Group. See Note 2, Related Party Transactions, for a description of the Company's policy for corporate allocations.

The Minerals Group's portion of the Company's operating profit is as follows:

	Years Ended December 31 1996	1995	1994
United States (a)	$ 18,206	21,752	(85,305)
Australia (a)	3,447	1,586	2,988
Minerals Group's portion of the Company's segment operating profit	21,653	23,338	(82,317)
Corporate expenses allocated to the			

Minerals Group	(6,555)	(7,266)	(6,845)
Total operating profit (loss)	$ 15,098	16,072	(89,162)

(a) Operating profit (loss) includes a (benefit) charge from restructuring and other (credits) charges, including litigation accrual aggregating ($47,299) and $90,806 in 1996 and 1994, respectively, all of which is included in the United States (Note 16).

The Minerals Group's portion of the Company's assets at year end is as follows:

	As of December 31 1996	1995	1994
United States	$596,358	702,132	764,399
Australia	21,240	18,999	19,104
Minerals Group's portion of the Company's assets	617,598	721,131	783,503
Minerals Group's portion of corporate assets	89,383	77,478	84,009
Total assets	$706,981	798,609	867,512

Industry segment information is as follows:

	Years Ended December 31 1996	1995	1994
Net Sales:			
Coal Operations	$ 677,393	706,251	779,504
Mineral Ventures	19,120	16,600	15,494
Total revenues	$ 696,513	722,851	794,998
Operating Profit (Loss):			
Coal Operations (a)	$ 20,034	23,131	(83,451)
Mineral Ventures (a)	1,619	207	1,134
Segment operating profit (loss)	21,653	23,338	(82,317)
Allocated general corporate expense	(6,555)	(7,266)	(6,845)
Total operating profit (loss)	$ 15,098	16,072	(89,162)

(a) Operating profit (loss) of the Coal Operations segment included a (benefit) charge from restructuring and other charges, including litigation accrual of ($47,299) in 1996 and $90,806 in 1994 (Note 16).

	1996	1995	1994
Capital Expenditures:			
Coal Operations	$ 18,881	17,811	25,016
Mineral Ventures	3,714	2,332	2,514
Allocated general corporate	1,785	168	90
Total capital expenditures	$ 24,380	20,311	27,620
Depreciation, Depletion and Amortization:			
Coal Operations	$ 34,632	40,285	44,731
Mineral Ventures	1,856	1,597	1,202
Allocated general corporate	136	158	141
Total depreciation, depletion and amortization	$ 36,624	42,040	46,074
Assets at December 31:			
Coal Operations	$594,772	699,049	761,827
Mineral Ventures	22,826	22,082	21,676
Identifiable assets	617,598	721,131	783,503
Allocated portion of the Company's corporate assets	89,383	77,478	84,009
Total assets	$706,981	798,609	867,512

In 1996, 1995 and 1994, net sales to one customer of the Coal segment amounted to approximately $150,000, $126,000 and $112,000, respectively.

19. LITIGATION

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,900 and $17,000 over a period of up to five years. Management is unable to determine that any amount within that range is a better estimate due to a variety of uncertainties, which include the extent of the contamination at the site, the permitted technologies for remediation and the regulatory standards by which the clean-up will be conducted. The clean-up estimates have been modified from prior years' in light of cost inflation. 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, unforseen circumstances existing at the site and additional cost inflation.

The Company commenced insurance coverage litigation in 1990, in the United

States District Court for the District of New Jersey, seeking a declaratory judgment that all amounts payable by the Company pursuant to the Tankport obligation were reimbursable under comprehensive general liability and pollution liability policies maintained by the Company. In August 1995, the District Court ruled on various Motions for Summary Judgement. In its decision, the Court found favorably for the Company on several matters relating to the comprehensive general liability policies but concluded that the pollution liability policies did not contain pollution coverage for the types of claims associated with the Tankport site. The Company has appealed the District Court's decision to the Third Circuit. However, management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, it is the Company's belief that, based on estimates of potential liability and probable realization of insurance recoveries, the Company would be liable for approximately $1,400 based on the Courts decision and related developments of New Jersey law.

In 1988, the trustees of certain pension and benefit trust funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United

States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. The Company recognized in 1993 in its financial statements for the Minerals Group the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case (Notes 15 and 16).

In late March 1996 a settlement was reached in the Evergreen Case. Under the terms of the settlement, the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25,800 upon dismissal of the Evergreen Case and the remainder of $24,000 in installments of $7,000 in 1996 and $8,500 in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second payment of $7,000 was paid in 1996 and was funded from cash by operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan.

As a result of the settlement of these cases at an amount lower than those previously accrued, the Minerals Group recorded a pretax gain of $35,650 ($23,173 after-tax) in the first quarter of 1996 in its financial statements.

20. COMMITMENTS

At December 31, 1996, the Minerals Group had contractual commitments for third parties to contract mine or provide coal. Based on the contract provisions these commitments are currently estimated to aggregate approximately $124,675 and expire from 1997 through 1999 as follows:

1997	$ 79,894
1998	27,480
1999	17,301

Spending under the contracts was $99,161 in 1996, $83,532 in 1995 and $53,097 in 1994.

21. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1996, 1995 and 1994, there were net cash tax refunds of $29,324, $20,731 and $12,851, respectively.

For the years ended December 31, 1996, 1995 and 1994, cash payments for interest were $10,746, $10,296 and $5,985, respectively.

On December 31, 1995, the Minerals Group assumed the portion of the Company's term loan in the amount of $23,434, which had been attributed to the Burlington Group, as partial settlement of the intercompany payable due to the Burlington Group. This transfer of debt as partial settlement of the intercompany between the Groups has been recognized as a noncash transaction and is not included in the Minerals Group's 1995 Statement of Cash Flows.

In 1995, the Minerals Group sold mining operations in Ohio together with a related coal supply contract for notes and royalties receivable totaling $6,949.

22. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1996 and 1995.

	1st	2nd	3rd	4th
1996 Quarters:				
Net sales	$ 170,252	175,268	177,195	173,798
Gross profit (loss)	(25,633)	5,824	9,288	(463)
Net income	$ 3,020	2,644	2,498	2,496
Per Pittston Minerals Group Common Share:				
Net income				
Primary	$ .25	.35	.33	.20
Fully diluted	$ .25	.27	.25	.20
1995 Quarters:				
Net sales	$ 195,740	184,211	177,702	165,198
Gross profit	1,800	3,351	10,441	10,964
Net income	$ 470	4,634	4,462	4,458
Per Pittston Minerals Group Common Share:				
Net income				
Primary	$ .05	.45	.51	.43
Fully diluted	$ .05	.45	.45	.43

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item regarding directors is incorporated by reference to Pittston's definitive proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 1996. The information regarding executive officers is included in this report following Item 4, under the caption "Executive Officers of the Registrant.

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Items 11 through 13 is incorporated by reference to Pittston's definitive proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 1996.

PART IV

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

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

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

3. Exhibits--see exhibit index.

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

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such 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 27, 1997.

The Pittston Company

(Registrant)

By J. C. Farrell

(J. C. Farrell, Chairman of the Board, 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 27, 1997.

Signatures	Title
R. G. Ackerman*	Director
M. J. Anton*	Director
J. R. Barker*	Director
J. L. Broadhead*	Director
W. F. Craig*	Director
J. C. Farrell (J. C. Farrell)	Director and Chairman of the Board, President and Chief Executive Officer (principal executive officer)
R. M. Gross*	Director
C. F. Haywood*	Director
D. L. Marshall*	Director and Vice Chairman of the Board
G.R. Rogliano (G. R. Rogliano)	Senior Vice President (principal accounting officer)
R. H. Spilman*	Director
A. H. Zimmerman*	Director

*By J. C. Farrell

(J. C. Farrell, Attorney-in-Fact)

The Registrant does not have any designated principal financial officer.

The Pittston Company and Subsidiaries
Index to Financial Statements and Schedules

Financial Statements:

THE PITTSTON COMPANY AND SUBSIDIARIES

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 below that is followed by a reference to a previously filed document is hereby incorporated by reference to such document.

Exhibit Number		Description
3(i)		The Registrant's Restated Articles of Incorporation. Exhibit 3(i) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.
3(ii)		The Registrant's Bylaws, as amended. Exhibit 3(ii) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995 (the "1995 Form 10-K").
4(a)	(i)	Amended and Restated Rights Agreement dated as of January 19, 1996, between the Registrant and Chemical Mellon Shareholder Services, L.L.C., as Rights Agent. Exhibit 2 to the Registrant's Registration Statement on Form 8-A dated February 26, 1996 (the "Form 8-A").
	(ii)	Form of Right Certificate for Brink's Rights. Exhibit B-1 to Exhibit 2 to the Form 8-A.
	(iii)	Form of Right Certificate for Minerals Rights. Exhibit B-2 to Exhibit 2 to the Form 8-A.
	(iv)	Form of Right Certificate for Burlington Rights. Exhibit B-3 to Exhibit 2 to the Form 8-A.
		Instruments defining the rights of holders of long-term debt of the Registrant and its consolidated subsidiaries have been omitted because the amount of debt under any such instrument does not exceed 10% of the total assets of the Registrant and its consolidated subsidiaries. The Registrant agrees to furnish a copy of any such instrument to the Commission upon request.
10(a)*		The Registrant's 1979 Stock Option Plan, as amended. Exhibit 10(a) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992 (the "1992 Form 10-K").
10(b)*		The Registrant's 1985 Stock Option Plan, as amended. Exhibit 10(b) to the 1992 Form 10-K.
10(c)*		The Registrant's Key Employees Incentive Plan, as amended. Exhibit 10(c) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1991 (the "1991 Form 10-K").
10(d)*		The Company's Key Employees' Deferred Compensation Program as amended. Exhibit 10(d) to the 1995 Form 10-K.
10(e)*	(i)	The Registrant's Pension Equalization Plan, as amended. Exhibit 10(a) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994 (the "Third Quarter 1994 Form 10-Q").
	(ii)	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 Third Quarter 1994 Form 10-Q.
	(iii)	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.
	(iv)	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(f)*		The Registrant's Executive Salary Continuation Plan. Exhibit 10(e) to the 1991 Form 10-K.
10(g)*		The Registrant's Non-Employee Directors' Stock Option Plan. Annex III-A to Registration Statement No. 33-63323 on Form S-4 dated December 4, 1995 (the "S-4").
10(h)*		The Registrant's 1988 Stock Option Plan, as amended. Annex III-B to the S-4.
10(i)*	(i)	Employment Agreement dated as of May 1, 1993, between the Registrant and J. C. Farrell. Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993.

(ii) Amendment No. 1 to Employment Agreement dated as of May 1, 1993, between the Registrant and J. C. Farrell. Exhibit 10(h) to the 1993 Form 10-K.

(iii) Form of Amendment No. 2 dated as of September 16, 1994, to Employment Agreement dated as of May 1, 1993, as amended by Amendment No. 1 thereto dated March 18, 1994, between the Registrant and Joseph C. Farrell. Exhibit 10(b) to the Third Quarter 1994 Form 10-Q.

(iv) Amendment No. 3 to Employment Agreement dated as of May 1, 1996, between the Registrant and J. C. Farrell. Exhibit 10(i)(iv) to the 1995 Form 10-K.

10(j)* (i) Employment Agreement dated as of June 1, 1994, between the Registrant and D. L. Marshall. Exhibit 10 to the Second Quarter 1994 Form 10-Q.

(ii) Form of Letter Agreement dated as of September 16, 1994, amending Employment Agreement dated as of June 1, 1994, between the Registrant and D. L. Marshall. Exhibit 10(c) to the Third Quarter 1994 Form 10-Q.

(iii) Form of Letter Agreement dated as of June 1, 1995, replacing all prior Employment Agreements and amendments or modifications thereto, between the Registrant and D. L. Marshall (the "Marshall Employment Agreement"). Exhibit 10 to the Registrant's quarterly report on Form 10-Q for the Quarter ended June 30, 1995.

(iv) Letter Agreement dated as of April 1, 1996, amending the Marshall Employment Agreement. Exhibit 10(j)(iv) to the 1995 Form 10-K.

(v) Form of Letter Agreement dated as of June 1, 1997, replacing all prior Employment Agreements and amendments or modifications thereto, between the Registrant and D.L. Marshall.

10(k)* The Company's 1994 Employee Stock Purchase Plan. Exhibit 10.7 to the First Quarter 1994 Form 10-Q.

10(l)* (i) Form of change in control employment agreement between the Registrant and Mr. Farrell. Exhibit 10(j) to the 1987 Form 10-K.

(ii) Form of change in control employment agreement between the Registrant and one of its officers. Exhibit 10(l)(ii) to the 1989 Form 10-K.

(iii) Form of change in control employment agreement between the Registrant (or a subsidiary) and six of the Registrant's officers. Exhibit 10(l)(iii) to the 1989 Form 10-K.

(iv) Form of letter agreement dated as of July 8, 1993, amending change in control employment agreements between the Registrant and five of the Registrant's officers. Exhibit 10 (k) (iv) to the 1993 Form 10-K.

(v) Form of letter agreement dated as of March 8, 1996, amending change in control employment agreement between the Registrant and one of the Registrant's officers. Exhibit 10(l)(v) to the 1995 Form 10-K.

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

10(n)* (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(o)* Registrant's Directors' Stock Accumulation Plan. Exhibit A to the Registrant's Proxy Statement filed March 29, 1996.

10(p)* Registrant's Amended and Restated Plan for Deferral of Directors' Fees. Exhibit 10(o) to the 1989 Form 10-K.

10(q) (i) Participation Agreement (the "Participation Ag reement") dated as of December 19, 1985, among Burlington Air Express Inc. (formerly, Burlington Northern Air Freight Inc. and Burlington Air Express USA Inc.) ("Burlington"), the loan participants named therein (the "Loan Participants"), Manufacturers Hanover Leasing Corporation, as Owner Participant (the "Owner Participant"), The Connecticut National Bank, as Indenture Trustee (the "Indenture Trustee") and Meridian Trust Company, as Owner Trustee (the "Owner Trustee"). Exhibit 10(p)(i) to the Registrant's Annual Report on Form 10-K for the year ended

December 31, 1988 (the "1988 Form 10-K").

(ii) Trust Agreement (the "Trust Agreement") dated as of December 19, 1985, between the Owner Participant and the Owner Trustee. Exhibit 10(p)(ii) to the 1988 Form 10-K.

(iii) Trust Indenture and Mortgage (the "Trust Indenture and Mortgage") dated December 19, 1985, between the Owner Trustee, as Mortgagor, and the Indenture Trustee, as Mortgagee (the "Mortgagee"). Exhibit 10(p)(iii) to the 1988 Form 10-K.

(iv) Lease Agreement (the "Lease Agreement") dated as of December 19, 1985, between the Owner Trustee, as Lessor, and Burlington, as Lessee. Exhibit 10(p)(iv) to the 1988 Form 10-K.

(v) Tax Indemnity Agreement (the "Tax Indemnity Agreement") dated as of December 19, 1985, between the Owner Participant and Burlington, including Amendment No. 1 dated March 10, 1986. Exhibit 10(p)(v) to the 1988 Form 10-K.

(vi) Guaranty (the "Guaranty") dated as of December 19, 1985, by the Registrant. Exhibit 10(p)(vi) to the 1988 Form 10-K.

(vii) Trust Agreement and Mortgage Supplement Nos. 1 through 4, dated December 23 and 30, 1985 and March 10 and May 8, 1986, between the Owner Trustee, as Mortgagor, and the Indenture Trustee, as Mortgagee, including Amendment No. 1 dated as of October 1, 1986 to Trust Agreement and Mortgage Supplement Nos. 3 and 4. Exhibit 10(p)(vii) to the 1988 Form 10-K.

(viii) Lease Supplements Nos. 1 through 4 dated December 23 and 30, 1985 and March 10 and May 8, 1986, between the Owner Trustee, as Lessor, and Burlington, as Lessee, including Amendment No. 1 dated as of October 1, 1986 to Lease Supplements Nos. 3 and 4. Exhibit 10(p)(viii) to the 1988 Form 10-K.

(ix) Letter agreement dated March 10, 1986, among the Owner Participant, the Mortgagee, the Owner Trustee, the Loan Participants, Burlington and the Registrant, amending the Lease Agreement, the Trust Indenture and Mortgage and the Participation Agreement. Exhibit 10(p)(ix) to the 1988 Form 10-K.

(x) Letter agreement dated as of May 8, 1986, among the Owner Participant, the Mortgagee, the Owner Trustee, the Loan Participants, Burlington and the Registrant, amending the Participation Agreement. Exhibit 10(p)(x) to the 1988 Form 10-K.

(xi) Letter agreement dated as of May 25, 1988, between the Owner Trustee, as Lessor, and Burlington, as Lessee, amending the Lease Agreement. Exhibit 10(p)(xi) to the 1988 Form 10-K.

(xii) Partial Termination of Lease, dated September 18, 1992, between the Owner Trustee, as Lessor, and Burlington, as Lessee, amending the Lease Agreement. Exhibit 10(o)(xii) to the 1992 Form 10-K.

(xiii) Partial Termination of Trust Indenture and Mortgage, dated September 18, 1992, between the Indenture Trustee, as Mortgagee, and the Owner Trustee, as Mortgagor, amending the Trust Indenture and Mortgage. Exhibit 10(o)(xiii) to the 1992 Form 10-K.

(xiv) Trust Agreement and Mortgage Supplement No. 5, dated September 18, 1992, between the Owner Trustee, as Mortgagor, and the Indenture Trustee, as Mortgagee. Exhibit 10(o)(xiv) to the 1992 Form 10-K.

(xv) Lease Supplement No. 5, dated September 18, 1992, between the Owner Trustee, as Lessor, and Burlington, as Lessee. Exhibit 10(o)(xv) to the 1992 Form 10-K.

(xvi) Lease Supplement No. 6, dated January 20, 1993, between the Owner Trustee, as Lessor, and Burlington, as Lessor, amending the Lease Agreement. Exhibit 10(o)(xvi) to the 1992 Form 10-K.

10(r) (i) Lease dated as of April 1, 1989 between Toledo-Lucas County Port Authority (the "Authority"), as Lessor, and Burlington, as Lessee. Exhibit 10(i) to the Registrant's quarterly report on Form 10-Q for the quarter ended June 30, 1989 (the "Second Quarter 1989 Form 10-Q").

(ii) Lease Guaranty Agreement dated as of April 1, 1989 between Burlington (formerly, Burlington Air Express Management Inc.), as Guarantor, and the Authority. Exhibit 10(ii) to the Second Quarter 1989 Form 10-Q.

(iii) Trust Indenture dated as of April 1, 1989 between the Authority and Society Bank & Trust (formerly, Trustcorp Bank, Ohio) (the "Trustee"), as Trustee. Exhibit 10(iii) to the Second Quarter 1989 Form 10-Q.

(iv) Assignment of Basic Rent and Rights Under a Lease and Lease Guaranty dated as of April 1, 1989 from the Authority to the Trustee. Exhibit 10(iv) to the Second Quarter 1989 Form 10-Q.

(v) Open-End First Leasehold Mortgage and Security Agreement dated as of April 1, 1989 from the Authority to the Trustee. Exhibit 10(v) to the Second Quarter 1989 Form 10-Q.

(vi) First Supplement to Lease dated as of January 1, 1990, between the Authority and Burlington, as Lessee. Exhibit 10 to the Registrant's quarterly report on Form 10-Q for the quarter ended March 31, 1990.

(vii) Revised and Amended Second Supplement to Lease dated as of September 1, 1990, between the Authority and Burlington. Exhibit 10(i) to the Registrant's quarterly report on Form 10-Q for the quarter ended September 30, 1990 (the "Third Quarter 1990 Form 10-Q").

(viii) Amendment Agreement dated as of September 1, 1990, among City of Toledo, Ohio, the Authority, Burlington and the Trustee. Exhibit 10(ii) to the Third Quarter 1990 Form 10-Q.

(ix) Assumption and Non-Merger Agreement dated as of September 1, 1990, among Burlington, the Authority and the Trustee. Exhibit 10(iii) to the Third Quarter 1990 Form 10-Q.

(x) First Supplemental Indenture between Toledo-Lucas County Port Authority, and Society National Bank, as Trustee, dated as of March 1, 1994. Exhibit 10.1 to the 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.

10(s) Stock Purchase Agreement dated as of September 24, 1993, between the Pittston Acquisition Company and Addington Holding Company, Inc. Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10(t) (i) Credit Agreement dated as of March 4, 1994, among The Pittston Company, as Borrower, Lenders Parties Thereto, Chemical Bank, Credit Suisse and Morgan Guaranty Trust Company of New York, as Co- agents, and Credit Suisse, as Administrative Agent (the "Credit Agreement"). Exhibit 10.4 to the First Quarter 1994 Form 10-Q.

(ii) Amendment to the Credit Agreement dated as of May 1, 1995. Exhibit 10(s)(ii) to the 1995 Form 10-K.

(iii) Amendment to Credit Agreement dated as of May 15, 1996.

11 Computation of Earnings Per Common Share.

21 Subsidiaries of the Registrant.

23 Consent of independent auditors.

24 Powers of attorney.

27 Financial Data Schedule.

99* Amendment to the Registrant's Pension-Retirement Plan relating to preservation of assets of the Pension-Retirement Plan upon a change in control. Exhibit 99 to the 1992 Form 10-K.

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*Management contract or compensatory plan or arrangement.

STATEMENT OF DIFFERENCES

The degree symbol shall be expressed as........[d]

Exhibit 10(j)(v)

As of June 1, 1997

Mr. David L. Marshall
20 Dolphin Point Lane
Hilton Head Island
South Carolina 29926

Dear David:

This will set forth the terms and conditions of your employment by The Pittston Company (the "Company") from and after the date of this agreement.

1. Employment. The Company agrees to employ you, and you agree to serve in the Company's employ, on and subject to the terms and conditions hereinafter set forth, for the period commencing on the date of this agreement and ending on May 31, 1999 (the "Employment Period"). This agreement shall replace all prior and/or existing employment agreements between the Company and you, including, without limitation, the Agreement dated as of September 1, 1992, the Supplemental Agreement dated February 27, 1984, including any amendments or modifications to such agreements, the Agreement dated as of June 1, 1994, the Amendment to the June 1, 1994 Agreement dated as of September 16, 1994, the letter agreement dated as of June 1, 1995 and a letter agreement dated as of April 1, 1996 (together, the "Prior or Existing Agreements"). As of the effective date of the Employment Period, all such Prior or Existing Agreements shall terminate to the extent they have not already been terminated. It is understood that your employment pursuant to the terms and conditions of this Agreement shall continue notwithstanding your election as of June 1, 1997 to retire, an Early Retirement Date under the Pittston Pension Plan, which election you hereby confirm.

2. Duties. Subject to the further provisions of this Section 2, during the Employment Period you will, as and to the extent hereinafter provided, render services to the Company and, at its request, to one or more of its affiliates ("Affiliates"). All such services will be rendered at the request of and subject to the direction and control of the Chairman of the Board of the Company. Such services may include, among other things, representation of the Company and its Affiliates in the negotiation and completion of mergers and acquisitions and the provision of advice to and consultation with members of management of the Company and its Affiliates with respect to various matters. In addition, you agree, if nominated and elected, to serve as a director of the Company.

During the Employment Period you will use your best efforts to perform faithfully and efficiently the responsibilities assigned to you hereunder, except for temporary periods of illness or incapacity.

It is understood and agreed, with respect to the services to the Company which you shall render pursuant to this Section 2, that

(i) the Chairman of the Board will, insofar as reasonably practicable, consider your convenience in the timing of requests, and your failure or inability, by reason of temporary illness or other cause beyond your control, to respond to such requests during any such temporary period shall not be deemed to constitute a default on your part in the performance hereunder of such services; provided, however, that after June 1, 1997, the number of hours that you will be required to devote to fulfilling your obligations under this Agreement will be fewer than forty hours per calendar month; and

(ii) except as and to the extent that the Chairman of the Board or his designee may otherwise prescribe in writing, you shall not have any authority to negotiate or conclude any contracts on behalf of, or otherwise to bind, the Company or any of its Affiliates.

3. Compensation. (a) During the Employment Period you will receive for all services to be rendered by you pursuant to Section 2 above a salary at the rate of $50,000 per year, payable in equal installments no less frequently than monthly.

(b) Eligibility for Certain Benefit Plans. In addition to your salary, during the period ending May 31, 1997 you will be entitled to participate in the Company's Pension-Retirement Plan, Savings-Investment Plan and all other employee benefit plans in which you participate as of the day prior to the Employment Period, in accordance with the terms and conditions of each such plan. On and after June 1, 1997, you will

participate in all employee benefit plans in which you will be eligible, but only in accordance with the terms and conditions of each such plan, subject to the provisions of Section 3(d) below. On and after June 1, 1997, the Company will provide you with $300,000 of group term life insurance during the term of this Agreement.

(c) Supplemental Retirement Benefit. You have been provided with a Supplemental Retirement Benefit pursuant to which you shall be entitled to receive a pension calculated in accordance with the provisions of the Pension-Retirement Plan of The Pittston Company and Its Subsidiaries (the "Pittston Pension Plan") (except that the limitations set forth in Section 13.01(a) thereof and in the second paragraph of Section 13.07 thereof shall be disregarded) with full credit for determining your benefit accrual for the period of your employment with Freeport-McMoRan Inc., the Company or any of their respective Affiliates (as hereinafter defined) or predecessor companies. The amount of such Supplemental Retirement Benefit will be offset by the following:

-- the amount of any benefit payable to you in respect to the Freeport-McMoRan Retirement Plan;

-- the amount of any benefit payable to you under the Pittston Pension Plan and any other pension plan of the Company; and

-- the amount of any general offset specifically set forth in the Pittston Pension Plan (it being understood and agreed that any such offset shall be applied without duplication of any offset (whether in respect of the Social Security taxable wage base or otherwise) taken into account in calculating benefits under such Plan).

For purposes of determining the net Supplemental Retirement Benefit under this Section 3(c), the Supplemental Retirement Benefit before offset and the amount of the benefits which offset the Supplemental Retirement Benefit shall be calculated on an actuarially equivalent basis (i.e., assuming the same frequency of payments (e.g., monthly), the same commencement date for payments, and to the extent feasible the same form of annuity (e.g., single life annuity)).

It is the intention of the parties that payments under this Section 3(c) shall be made to you (or your beneficiary) at such time and in such manner as provided for under the Pittston Pension Plan and that the procedures, terms and provisions of that Plan, generally, shall be applicable hereunder. The obligation of the Company under this Section 3(c) to provide a pension and the obligations of the Company under Section 4 below shall continue in effect notwithstanding the termination (for any reason) of your employment with the Company and its Affiliates.

As used in this Agreement, the term "affiliate" shall have the meaning ascribed thereto in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on the date of this Agreement.

(d) Eligibility for Retiree Medical Benefits. In the event that your employment shall terminate for any reason, or if you shall, at any time, elect to retire on an Early Retirement Date under the Pittston Pension Plan, you shall be deemed to be eligible for early retiree medical coverage under the Company's Comprehensive Medical Expense Benefits Plan (the "Medical Plan"), anything in this Agreement or the Medical Plan to the contrary notwithstanding. The obligation of the Company under this Section 3(d) to provide such coverage shall continue in effect notwithstanding the termination of your employment with the Company and its Affiliates; provided, however, that nothing herein shall affect in any way the Company's right to make future changes in the Medical Plan or to terminate the Plan entirely; and provided, further, that any such change which relates to your eligibility for such coverage under the Plan (including the so-called "rule of 75") or which has the purpose or effect of discriminating against you or your beneficiaries as to benefits under such Plan shall not adversely affect such eligibility or benefits as applicable immediately prior to such change.

(e) Business Expenses. During the Employment Period the Company shall, in accordance with policies then in effect with respect to payments of expenses, pay or reimburse you for all reasonable out-of-pocket travel and other expenses (other than ordinary commuting expenses) incurred by you in performing services hereunder. All such expenses shall be accounted for in such reasonable detail as the Company may require.

4. Supplemental Retirement Benefits; Change in Control. The provisions of this Section 4 shall be controlling, anything in the other provisions of this Agreement to the contrary notwithstanding.

(a) In the event that a Change in Control (as hereinafter defined in subparagraph (b) of this Section 4 shall occur or the Company's Board of Directors shall in its discretion determine that a Change in Control is anticipated within 90 days from the date of such determination, the Company shall forthwith take such action as shall be necessary or appropriate to activate the trust agreement dated as of September 16, 1994 between the Company and The Chase Manhattan Bank (National Association), as trustee, by the payment in cash to the trustee under such trust agreement of the aggregate amount which A. Foster Higgins & Co. Inc. (or another nationally recognized firm of actuaries selected by the Board) shall determine, on the basis of mortality and other assumptions at the time applicable under the Pittston Pension Plan, to be required to provide all projected benefit obligations to you (or your beneficiary) under Section 3(c) of this Agreement, as of the date the Change in

occurs or as of the date of such determination, as the case may be. All expenses and income and other taxes in connection with the establish ment and operation of such trust shall be paid by the Company.

(b) For purposes of this Section 4, a Change in Control shall be deemed to occur if either (i) any person, or any two or more persons acting as a group, and all affiliates of such person or persons, shall own beneficially more than 20% of the total voting power in the election of directors of the Company of shares of all classes of Common Stock of the Company outstanding (exclusive of shares held by any corporation of which shares representing at least 50% of the ordinary voting power are owned, directly or indirectly by the Company) pursuant to a tender offer, exchange offer or series of purchases or other acquisitions, or any combination of those transactions, or (ii) there shall be a change in the composition of the Company's Board of Directors at any time within two years after any tender offer, exchange offer, merger, consolidation, share exchange, sale of assets or contested election, or any combination of those transactions (a "Transaction"), so that (i) the persons who were directors of the Company immediately before the first such Transaction cease to constitute a majority of the board of directors of the corporation which shall thereafter be in control of the companies or other entities that were parties to or otherwise involved in such first Transaction, or (ii) the number of persons who shall thereafter be directors of such corporation shall be fewer than two-thirds of the number of directors of the Company immediately prior to such first Transaction. A Change in Control shall be deemed to take place upon the first to occur of the events specified in the foregoing clauses (i) and (ii).

(c) In addition to all other rights under applicable law, you shall, from and after the date on which a Change in Control shall occur or be anticipated as provided in subparagraph (b) above, have the right to bring an action to enforce the provisions of this Section 4 by seeking injunctive relief and/or damages, and the Company shall be obligated to pay or reimburse you to the extent that you prevail, in whole or in substantial part, for all reasonable expenses, including attorney's fees, in connection with such action.

(d) The foregoing provisions of this Section 4 shall be construed liberally to the end that accrued benefits under this Section 4 shall be assured to the fullest extent practicable; provided, however, that nothing in this Section 4 shall be construed in a manner that would subject you to current taxation on establishment of the trust.

(e) Nothing in this Section 4 shall of itself be deemed to increase the amount of any accrued benefits to which you shall have become entitled under Section 3(c) of this Agreement. The establishment and activation of the trust agreement referred to in subparagraph (a) of this Section 4 shall not be deemed to relieve the Company of its obligations to you under such Section 3(c) except pro tanto to the extent that amounts in respect thereof are paid under such trust agreement to you.

5. Termination. (a) Death. This agreement shall terminate automatically upon your death.

(b) Cause. The Company may terminate your employment for Cause. For purposes of this agreement, "Cause" means (i) an act or acts of dishonesty or disloyalty on your part which are intended to result in your substantial personal enrichment at the expense of the Company or any of its Affiliates or to adversely affect the business of any of them or (ii) a violation or violations by you of your obligations under Section 8 or Section 9 other than any insubstantial and inadvertent violation remedied by you promptly after receipt of notice thereof given by the Company.

6. Obligations of the Company upon Termination.

(a) Death. If your employment is terminated by reason of your death, this agreement shall terminate without further obligations to your legal representatives under this agreement other than those obligations accrued hereunder at the date of your death.

(b) Cause. If your employment is terminated for Cause, the Company shall pay you your full salary through the date of such termination at the rate in effect at such date., and the Company shall have no further obligations to you under Sections 3(a), (b) or (e) of this agreement; provided, however, that the Company's obligations under Sections 3(c) and (d) shall continue notwithstanding termination under either Section 6(a) or (b).

7. Full Settlement. Subject to full compliance by the Company with all of its obligations under this agreement, this agreement shall be deemed to constitute the settlement of such claims as you might otherwise be entitled to assert against the Company by reason of the termination of your employment for any reason during or after the Employment Period, including, without limitation, all claims for discrimination on the basis of age, sex or race or for any other alleged violation of public policy arising out of such termination. The Company agrees to pay, to the fullest extent permitted by law, all expenses (including, without limitation, counsel fees) which you may reasonably incur as a result of your successful contest, by judicial proceedings or otherwise, of the validity or enforceability of, or liability under, any provision of this agreement. The parties acknowledge and agree that the foregoing constitutes a complete release of all such claims.

8. Covenant Not to Compete. You agree that during the Employment Period and during the period ending two years thereafter (the

"Non-Compete Period"), you shall not compete with any business then conducted by the Company or any Affiliate (the "Business"). For purposes of this Agreement, the term "compete" shall mean engaging in a business as a more than ten percent (10%) stockholder, an officer, a director, an employee, a partner, an agent, a consultant, or any other individual or representative capacity if it involves:

(i) engaging in the Business in competition with the Company or an Affiliate within the Pittston Services Group in any state of the United States in which the Company or any of such Affiliates (which shall mean for purposes of this Section 8 any such Affiliate in which the Company owns, directly or indirectly, an equity interest of twenty percent (20%) or more) operates at anytime during the Non-Compete Period; or

(ii) rendering services or advice pertaining to the Business to or on behalf of any person, firm or corporation which is in competition with the Company or any Affiliate within the Pittston Services Group at any time during the Non-Compete Period in any state of the United States.

In the event the restrictions against engaging in a competitive activity contained in this Section 8 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographic area or by reason of its being too extensive in any other respect, it shall be interpreted to extend only over the maximum period of time for which it may be enforceable, and over the maximum geographic area as to which it may be enforceable and to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

Clauses (i) and (ii), above, are intended by the Company as separate and divisible provisions, and if for any reason any one is held to be invalid or unenforceable, neither the validity nor the enforceability of the other shall thereby be affected.

9. Confidential Information. (a) You acknowledge that in the course of your employment you may receive, have access to, or develop confidential or proprietary information or trade secrets relating to the business of the Company or its Affiliates. You will hold in a fiduciary capacity for the benefit of the Company and such Affiliates all such confidential or proprietary information, secrets, knowledge or data relating to their respective businesses, including, without limitation, information relating to strategic plans, public and shareholder relations, marketing, pricing, purchasing of transportation (ground or air) arrangements, plans or programs, computer programs, communication systems, cost data, or customer lists, obtained by you prior to, during or after the Employment Period, and you will not, during the Employment Period or thereafter, communicate or divulge any such information, secrets, knowledge or data to any other person, firm or corporation without the prior written consent of the Chairman of the Board of the Company. All records, files, drawings, documents, notes, equipment and the like relating to the business or activities of the Company or any of such Affiliates which you shall prepare or use or come into contact with shall be and remain the sole property of the Company or such Affiliates, as the case may be, and upon termination of your employment with the Company all of such property shall be returned to the Company in accordance with the directions given by it.

(b) Equitable Relief. You acknowledge that the foregoing provisions of Sections 8 and 9 are essential to the Company and are reasonable and necessary to protect the legitimate interests of the Company and its Affiliates and that damages sustained by the breach of such provisions would cause irreparable harm to the Company because of the special services that have been performed by you and that recovery of damages at law would not be an adequate remedy. You further agree that the Company and its Affiliates, in addition to any other remedy which any of them may have under this agreement or at law, shall be entitled to injunctive and other equitable relief to prevent to curtail any breach of any such provision. If any provision of Sections 8 or 9 shall be deemed to be invalid, illegal or unenforceable as written by reason of the extent or duration thereof, or otherwise, the determining body or authority making such determination shall be empowered to reduce such provision so as to be enforceable to the greatest extent possible and, as so reduced, such provision shall then be deemed to be rewritten and enforced as reduced.

(c) The provisions of this Section 9 shall survive the termination of this agreement.

10. Successors. (a) This agreement is personal to you and without the prior written consent of the Company shall not be assignable by you or otherwise than by will or the laws of descent and distribution. This agreement shall inure to the benefit of and be enforceable by your legal representatives.

(b) This agreement shall inure to the benefit of and be binding upon the Company and its successors.

11. Governing Law. This agreement shall be governed by and construed in accordance with the substantive and procedural law of New York without reference to principles of conflict of laws. The parties hereto agree that any dispute hereunder may be submitted to any court of competent jurisdiction in New York and for purposes thereof each party hereto submits to such jurisdiction.

12. Miscellaneous. (a) This agreement contains the entire understanding with you with respect to the subject matter hereof and

supersedes any and all prior agreements or understandings, written or oral, relating to such subject matter. This agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives. The captions of this agreement are not part of the provisions hereof and shall have no force or effect.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepared, addressed as follows:

If to you:

20 Dolphin Point Lane
Hilton Head Island
South Carolina 29926

If to the Company:

1000 Virginia Center Parkway
P. O. Box 4229
Glen Allen, VA 23058-4229

Attention: Chairman of the Board

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be deemed to be given when mailed by certified or registered mail, return receipt requested.

(c) The invalidity or unenforceability of any provision of this agreement shall not affect the validity or enforceability of any other provision of this agreement.

(d) The Company may withhold from any amounts payable under this agreement such federal, state or local taxes for which withholding is provided pursuant to any applicable law or regulation.

Please confirm that the foregoing is in accordance with our agreement.

Very truly yours,

THE PITTSTON COMPANY

By___________________________
Chairman of the Board

I hereby confirm that the foregoing is in accordance with our agreement.

____
David L. Marshall

Dated as of June 1, 1997

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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

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Filed for record on on December 19, 1996 at 10:30 o'clock a.m., E.D.T., at M96-3194C08, in the LUCAS COUNTY, OHIO RECORDS

This Fifth Supplement to Lease supplements a Lease between the named Lessor and Lessee dated as of April 1, 1989, as previously supplemented by a First Supplement to Lease dated as of January 1, 1990, a Revised and Amended Second Supplement to Lease dated as of September 1, 1990, a Third Supplement to Lease dated as of June 1, 1991, and a Fourth Supplement to Lease dated as of March 1, 1994, each between the Lessor and the Lessee. A Restated Memorandum of Lease was filed for record on October 1, 1990 at 12:44 o'clock p.m. E.D.S.T., at M90-1318C06 in the Records of Lucas County, Ohio, the Third Supplement to Lease was filed for record on October 1, 1991 at 8:55 o'clock a.m. E.D.S.T., at M91-1446A06, and the Second Restated Memorandum of Lease was filed for record on March 22, 1994 at 11:24 o'clock a.m., E.S.T., at M94-746C09, in the Records of Lucas County, Ohio.

FIFTH SUPPLEMENT TO LEASE

This Fifth Supplement to Lease (the Fifth Supplement) dated as of December 1, 1996 between the Toledo-Lucas County Port Authority (the Issuer), a port authority and political subdivision duly organized and validly existing under the laws of the State of Ohio (the State), and Burlington Air Express Inc. (formerly known as Burlington Air Express USA Inc.) (the Company), a for-profit corporation organized and existing under the laws of the State of Delaware and duly authorized to transact business in the State (with each term used in the recitals that follow as a defined term but not defined therein having the meaning assigned to it expressly or by reference in Section 1);

W I T N E S S E T H:

WHEREAS, the Issuer, as lessor, and the Company, as lessee, have heretofore entered into a Lease dated as of April 1, 1989 (the Original Lease), as amended and supplemented by a First Supplement to Lease dated as of January 1, 1990 (the First Supplement), a Revised and Amended Second Supplement to Lease dated as of September 1, 1990 (the Second Supplement), a Third Supplement to Lease dated as of June 1, 1991 (the Third Supplement) and a Fourth Supplement to Lease dated as of March 1, 1994 (the Fourth Supplement), each between the Issuer and the Company (as so amended and supplemented, the Existing Lease) and have caused a Restated Memorandum of Lease, the Third Supplement, the Fourth Supplement and a Second Restated Memorandum of Lease to be filed for record as described on the cover page hereto; and

WHEREAS, the Issuer is obligated under Section 11.2 of the Existing Lease to reimburse the Company for any United States Customs Service charges incurred by the Company with respect to its operations at the Airport; and

WHEREAS, pursuant to the Act and the Joint Participation Agreement entered into with and at the request of the Company, the Issuer entered into contracts for the acquisition, construction, installation, improvement and equipping of the Project in order to expand the area of the Ramp, as to which Ramp Expansion the Company is to have a preferential right of use in common with all other users of the Airport, and the Ramp Expansion was substantially completed and the Company commenced use of the Ramp Expansion in September 1996; and

WHEREAS, the Project will enhance the use and value of the Leased Premises to the Authority and the Company and create and preserve jobs and employment opportunities and promote economic development within the jurisdiction of the Issuer; and

WHEREAS, in accordance with the Joint Participation Agreement, the Company has provided money to the Issuer to pay certain Project costs heretofore due and payable, in anticipation of being reimbursed for its provision for payment of those costs from proceeds of the Bonds which the Issuer has determined to issue, sell and deliver at the request of the Company in the aggregate principal amount of $4,000,000, for such purpose and to pay any additional Project costs, pursuant to the Act, the Inducement Resolution and the Joint Participation Agreement; and

WHEREAS, the Company, in consideration of the services provided and to be provided by the Issuer under the Existing Lease, the Issuer's acquisition, construction, installation, improvement and equipping of the Project in order to expand the area of the Ramp, the Company's preferential right of use of the Ramp Expansion and the Issuer's determination to issue revenue obligations to provide funds to pay, or to reimburse the Company for provision of funds for payment of, costs of the Project, has agreed to (i) assume a portion of the charges for United States Customs Service charges with respect to its operations at the Airport for 1996, 1997 and 1998 and all of those charges for which bills are received on or after December 31, 1998 with respect to its operations, (ii) an increase in the Ramp Fees in respect of the additional

costs to the Issuer of maintaining the Ramp Expansion, (iii) a reduction in the Expansion Area by the area of the Ramp Expansion, and (iv) pay to or for the account of the Issuer amounts sufficient to pay, on condition that they be used to pay, the principal of and interest and any premium on the Bonds as provided in the Use Agreement; and

WHEREAS, this Fifth Supplement modifies certain contract rights of the Issuer and the Company under the Existing Lease but does not otherwise affect the leasehold interest established by the Existing Lease;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained and contained in the Joint Participation Agreement and the Use Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer and the Company hereby covenant and agree as follows:

Section 1. Definitions. Each term used herein as a defined term and not otherwise defined herein, unless the context or use requires otherwise, shall have the meaning assigned to it in the Existing Lease. In addition to the words and terms defined by reference or elsewhere in this Fifth Supplement, as used herein:

"Bonds" means the $4,000,000 Airport Development Revenue Bonds, Series 1996-1 (Burlington Air Express Inc. Obligor), issued by the Issuer pursuant to Resolution No. 69-96 adopted on July 25, 1996.

"Joint Participation Agreement" means the agreement between the Issuer and the Company, stated to be effective February 22, 1996 and fully executed as of March 29, 1996, pursuant to which the Issuer agreed, among other things, to let, and proceeded to let, contracts for the acquisition, construction, installation, improvement and equipping of the Project, in consideration of the Company's agreement to provide money to pay Project costs due and payable prior to the issuance and delivery of the Bonds and of the other agreements and covenants made therein by the Company.

"Project" means expansion of the existing Ramp at the Airport by acquiring, constructing, installing, improving and equipping a general purpose aircraft apron on the Ramp Expansion Site adjacent to the existing Ramp Site for transient aircraft parking and loading and unloading operations, consisting of 4-inch limestone screenings covered by 8 inches of black bituminous material, covered by 15 inches of concrete, together with any necessary taxiway lights, two high mast apron flood lights, drainage facilities (including an oil and water separation system), and relocation of portions of Air Cargo Parkway and the access road between the Ramp and the Fuel Farm located formerly on the Ramp Expansion Site onto adjacent property, and all necessary appurtenances.

"Ramp Expansion" means that portion of the Project other than the acquisition, construction, installation and improvement of the relocated portions of Air Cargo Parkway and the access road between the Ramp and the Fuel Farm onto property adjacent to the Ramp Expansion Site.

"Ramp Expansion Site" means the real property described in Exhibit A hereto.

"Use Agreement" means the Use Agreement, dated as of even date herewith, between the Company and the Issuer, as amended or supplemented from time to time.

Section 2. Ramp Expansion. The definition of "Ramp" in Section 1.1 of the Existing Lease shall be and hereby is amended to read as follows:

"Ramp" means the portion of the Project comprised of an approximately 40-acre transient aircraft parking and loading and unloading ramp, and necessary appurtenances thereto, constructed on the Ramp Site, together with an approximately 10-acre expansion thereof, used for transient aircraft parking and loading and unloading, and necessary appurtenances thereto, constructed on the Ramp Expansion Site, and the taxiway connectors relating thereto.

The following definition of "Ramp Expansion Site" and a new "Exhibit C-1" in the form of Exhibit A hereto shall be and are hereby added to the Existing Lease:

"Ramp Expansion Site" means the real property described in Exhibit C-1 hereto.

Section 3. United States Customs Service Charges. Notwithstanding the provisions of the Existing Lease or any other existing agreement or course of conduct or dealing, the Company has paid $100,000 to the Issuer in 1996 in respect of Customs Service charges for which bills are received by the Company in 1996 with respect to the Company's regularly scheduled flights arriving at the Airport, and hereby agrees to pay to the Issuer the amount of $75,000 on January 1, 1997 and on July 1, 1997 and the amount of $100,000 on January 1, 1998 and on July 1, 1998 in respect of such charges for which bills are received by the Company in 1997 and 1998; provided, that the Issuer shall remain liable under the Existing Lease for the payment of all Customs Service charges for which bills are received by the Company on or before December 31, 1998 with respect to Customs Service activities provided for the Company's regularly scheduled flights arriving at the Airport, regardless of whether the foregoing deposits to be made by the Company shall be sufficient for the payment of those charges. Any Customs Service charges for which bills are received by the Company on or after December 31, 1998 with respect to Customs Service activities provided for the Company's flights arriving at the Airport, whether regularly scheduled or otherwise, shall be paid by the Company, and the Issuer shall not have any obligation for the payment or reimbursement of all or any part of those charges.

Section 4. Expansion Site. The definition of "Expansion Site" in Section 1.1 of the Existing Lease shall be and is hereby amended to read as follows:

"Expansion Site" means a 54.952-acre Expansion Site presently owned or leased by the Lessor and contiguous to the Initial Site, including the Leased Expansion Site and the precise location of the balance of which will be identified, when agreed upon by the Lessor and the Lessee, in a supplement to this Lease to be executed and delivered by appropriate officers of the Lessor and the Lessee and, so long as such site does not exceed 54.952 acres less the Leased Expansion Site, without any further legislative action on behalf of the Lessor; provided, that the location of the Expansion Site may be changed at any time and from time to time by an appropriate instrument executed by appropriate officers of the Lessor and the Lessee solely in the discretion of the Lessor and the Lessee, without notice to or the consent of any other Person and, so long as the size of the Expansion Site is not increased, without any further legislative action on behalf of the Lessor.

Section 5. Ramp Fees. Clause (a)(ii) of Section 3.2 of the Existing Lease shall be and is hereby amended, in its entirety, to read as follows:

> (ii) on or prior to each Rental Payment Date commencing with the November 1991 Rental Payment Date, as a user fee for the preferential

but common use of the Ramp, the Ramp Fees in an amount equal to (A) during the Initial Term (I) prior to the November 1996 Rental Payment Date, $38,368.97, (II) on the November 1996 Rental Payment Date, $33,674.53, (III) on the December 1996 Rental Payment Date, $55,445.21 (which includes the amounts of $5,442.67 with respect to use and maintenance of the Ramp Expansion Site for each of the months September, October and November 1996), and (IV) on and after the January 1997 Rental Payment Date, $39,117.20, provided, that, the Ramp Fees to be paid under this Section 3.2(a)(ii)(A) (under each of subclauses (I), (II), (III) and (IV)) shall be adjusted upward, commencing on the Rental Payment Date next following any date on which the Lessor, pursuant to Section 2(b) of the Second Supplement pays, or causes to be paid, for deposit or transfer to the Interest Account in the Bond Fund, an amount sufficient to fund the Monthly Interest Payment portions of the Basic Rent as set forth in Schedules I and II of Exhibit D to this Lease, by, and shall thereafter include, in addition to all other amounts payable hereunder, an amount equal to $3,001.97, and (B) during any of the extension periods provided pursuant to Section 2.5 hereof, an amount adjusted, pursuant thereto, to the fair market value of the use of the Ramp.

Section 6. Ratification of Lease; Integration. As amended and supplemented hereby, the Existing Lease is, in all respects, ratified and confirmed and remains in full force and effect. It is understood and agreed that as of the date of execution and delivery of this Fifth Supplement, the Lease is comprised only and exclusively of the Original Lease, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement and this Fifth Supplement, and that the Lease, as so constituted, together with the Guaranty and the Assumption Agreement, constitute the entire understanding of the Issuer and the Company with respect to the subject matter thereof and hereof, and that the Lease, as so constituted, together with the Guaranty and Assumption Agreement, supersede all other oral or written agreements, prior to the date of execution and delivery of this Fifth Supplement, with respect thereto.

Section 7. General Agreements. This Fifth Supplement shall take effect upon the execution and delivery hereof and shall continue in effect until the expiration of the Lease Term. The Issuer and the Company agree that they will execute and deliver such further documents and do such further acts and things as are necessary fully to effect the purposes of this Fifth Supplement. THIS FIFTH SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE AND SHALL INURE TO THE BENEFIT OF AND BE BINDING UPON THE ISSUER AND THE COMPANY AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS. Any provision hereof invalid under any law shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof. This Fifth Supplement may be executed in counterpart, and in several counterparts, each of which shall be deemed an original.

(Balance of page intentionally left blank)

IN WITNESS WHEREOF, the Issuer and the Company have caused this Fifth Supplement to Lease to be duly executed in their respective names by their duly authorized officers all as of the date first hereinbefore written.

Signed and acknowledged as to the Issuer in the presence of:	TOLEDO-LUCAS COUNTY PORT AUTHORITY
/s/ Margaret J. Hutchinson	By: /s/ James H. Hartung
Name: Margaret J. Hutchinson	James H. Hartung, President
/s/ Geraldine A. Jagos	By: /s/ Jerry J. Arkebauer
Name: Geraldine A. Jagos (Witnesses as to both)	Jerry J. Arkebauer, Secretary-Fiscal Officer
Signed and acknowledged as to the Company in the presence of:	BURLINGTON AIR EXPRESS INC.
/s/ Peter Laterza	By: /s/ David J. Duffy
Name: Peter Laterza	David J. Duffy, Assistant Treasurer
/s/ Sherry L. Carlton	
Name: Sherry L. Carlton (Witnesses)	

Approved as to form: /s/ Mary Frederick Coy

Mary Frederick Coy, Staff Counsel

STATE OF OHIO)
)
COUNTY OF LUCAS)

On this 12th day of December, 1996, before me, a Notary Public in and for said County and State, personally appeared James H. Hartung and Jerry J. Arkebauer, President and Secretary-Fiscal Officer, respectively, of the Toledo-Lucas County Port Authority, and acknowledged that they did sign the foregoing instrument as such officers of said Port Authority, respectively, for and on behalf of said Port Authority and by authority granted by law and by the Board of Directors of said Port Authority and that the same is their voluntary act and deed as such officers on behalf of said Port Authority and the voluntary and corporate act and deed of said Port Authority.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

[Seal] /s/ Margaret Hutchinson

Notary Public

MARGARET J. HUTCHINSON
Notary Public, State of Ohio
My Commission Expires Aug. 19, 1997

COMMONWEALTH OF VIRGINIA)
)
COUNTY OF HENRICO)

On this 16th day of December, 1996, before me, a Notary Public in and for said County and Commonwealth, personally appeared David J. Duffy, Assistant Treasurer of Burlington Air Express Inc., and acknowledged that he did sign the foregoing instrument as such officer of said corporation for and on behalf of said corporation and by authority granted by the Board of Directors of said corporation and that the same is his voluntary act and deed as such officer on behalf of said corporation and the voluntary and corporate act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

[Seal] /s/ Pamela D. Washington

Notary Public

This instrument was prepared by: D. Bruce Gabriel, Esq.
Squire, Sanders & Dempsey L.L.P.
4900 Key Tower
127 Public Square
Cleveland, Ohio 44114-1304

CERTIFICATE

The undersigned, Fiscal Officer of the Issuer under the aforesaid Fifth Supplement to Lease, hereby certifies that the moneys required to meet the obligations of the Issuer during the year 1996 under that Fifth Supplement to Lease have been lawfully appropriated by the Board of Directors of the Issuer for such purposes and are in the treasury of the Issuer or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This Certificate is given in compliance with Sections 5705.41 and 5705.44, Ohio Revised Code.

Dated: December 18, 1996

/s/ Jerry J. Arkebauer

Secretary - Fiscal Officer,

Toledo-Lucas County Port Authority

CONSENT OF DIRECTOR

The undersigned, The Director of Development of the State of Ohio, by the undersigned duly authorized officer, hereby acknowledges receipt of notice of, and hereby consents to, the foregoing Fifth Supplement to Lease and the amendments, changes, modifications, covenants and agreements therein made to the extent, if any, that those amendments, changes, modifications, covenants and agreements are material to that Director.

THE DIRECTOR OF DEVELOPMENT
OF THE STATE OF OHIO

Dated: December 18, 1996

By: /s/ Donald E. Jakeway

Deputy Director

CONSENT OF TRUSTEE

The undersigned, as Trustee under the Indenture identified in the foregoing Fifth Supplement to Lease, by the undersigned duly authorized officer, hereby (i) acknowledges receipt of notice of the foregoing Fifth Supplement to Lease and the amendments, changes, modifications, covenants and agreements therein made, (ii) determines that such amendments, changes and modifications of the Lease are required in connection with changes in the Lease that are not to the prejudice of the Trustee or the holders of the Bonds issued under that Indenture, and (iii) consents to that Fifth Supplement to Lease and the amendments, changes, modifications, covenants and agreements therein made.

MELLON BANK, F.S.B., as Trustee

Dated: December 18, 1996

By: /s/ Lisa J. Garrett

Vice President

EXHIBIT A

RAMP EXPANSION SITE

A parcel of land being a part of Section 10, Town 7 North, Range 9 East, Swanton Township, Lucas County, Ohio, and being more particularly described as follows:

Commencing at an iron pin at the Southeast corner of the Northeast quarter of Section 10, Swanton Township;

thence North 88[d] 46' 07" West, on the South line of the Northeast quarter of Section 10, a distance of 1,539.26 feet to a point;

thence North 21[d] 23' 38" West, on a line being at right angles to the centerline of Runway 7-25, a distance of 439.34 feet to a point on the Southeasterly line of the existing 40,000 acre Burlington Apron;

thence South 68[d] 36' 22" West, on a line being 1362.50 feet Southeasterly of as measured perpendicular to and parallel with the centerline of Runway 7-25 and on the Southeasterly line of the existing 40,000 acre Burlington Apron, a distance of 930.00 feet to a point, said point being the TRUE POINT OF BEGINNING of the parcel herein described; thence continuing South 68[d] 36' 22" West, on a line being 1362.50 feet Southeasterly of as measured perpendicular to and parallel with the centerline of Runway 7-25 and on the Southwesterly extension of the Southeasterly line of the existing 40,000 acre Burlington apron, a distance of 700.00 feet to a point;

thence North 21[d] 23' 38" West, on a line being at right angles to the centerline of Runway 7-25, a distance of 625.25 feet to a point;

thence North 68[d] 36' 22" East, on a line being 737.25 feet, Southeasterly of as measured perpendicular to and parallel with the centerline of Runway 7-25, a distance of 700.00 feet to the Northwesterly corner of the existing 40,000 acre Burlington Apron;

thence South 21[d] 23' 38" East, on a line being at right angles to the centerline of Runway 7-25, and on the Southwesterly line of the existing 40,000 acre Burlington Apron, a distance of 625.25 feet to the TRUE POINT OF BEGINNING of the parcel herein described, containing 10.048 acres of land, more or less, subject to all easements, zoning restrictions of record and legal highways.

The bearings used herein are for the purpose of describing angles only and are not referenced to true or magnetic North.

CONFORMED COPY

AMENDMENT #2

AMENDMENT dated as of May 15, 1996 among THE PITTSTON COMPANY, a Virginia corporation (the "Borrower"), the financial institutions listed on the signature pages hereto, CHEMICAL BANK, CREDIT SUISSE and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as agents for the financial institutions from time to time party to the Agreement hereafter referred to (in such capacity, the "Co-Agents"), and CREDIT SUISSE, as administrative agent (in such capacity, the "Administrative Agent"), to the CREDIT AGREEMENT dated as of March 4, 1994 among the Borrower, the financial institutions which are parties to the Agreement hereafter referred to (each a "Lender" and collectively, the "Lenders"), the Co-Agents and the Administrative Agent (as amended by an amendment dated as of May 1, 1995, the "Agreement").

W I T N E S S E T H :

WHEREAS, the parties hereto desire to amend the Agreement (i) to extend the scheduled maturity date of the Loans, (ii) to extend the period during which Borrower may borrow Revolving Loans pursuant to the Agreement, (iii) reduce the margins applicable to certain interest rates on certain Loans, (iv) reflect the addition of certain financial institutions as lenders under the Agreement and the elimination of certain others, and (v) in certain other respects;

WHEREAS, subject to the terms and conditions stated below, the Lenders and those financial institutions who are to become Lenders pursuant hereto are amenable to such amendments;

NOW, THEREFORE, it is agreed:

1. Definitions. (a) All the terms used herein which are defined in the Agreement (including, to the extent any such terms are to be amended by this Amendment, as if such terms were already amended by this Amendment unless the context shall indicate otherwise) shall have the same meanings when used herein unless otherwise defined herein. All references to Sections in this Amendment shall be deemed references to Sections in the Agreement unless otherwise specified.

(b) As used in this Amendment, the following terms have the following meanings:

"Amendment Effective Date" shall mean the date when this Amendment becomes effective in accordance with Section 10 hereof.

"Chase" shall mean The Chase Manhattan Bank (National Association).

"Fleet" shall mean Fleet National Bank, N.A.

"FNBB" shall mean Bank of Boston Connecticut.

"New Lender" shall mean a financial institution listed on New Schedule 2.01 but not on Old Schedule 2.01.

"New Schedule 2.01" shall mean the Schedule 2.01 attached to this Amendment.

"Old Lender" shall mean Chase and National Westminster Bank plc, financial institutions that were Lenders immediately prior to the effectiveness of this Amendment but which are not listed on New Schedule 2.01.

"Old Schedule 2.01" shall mean the Schedule 2.01 as in effect immediately prior to the effectiveness of this Amendment.

"Sanwa" shall mean The Sanwa Bank Limited.

2. Effect of Amendment. As used in the Agreement (including all exhibits and attachments thereto), the Notes and all instruments and documents executed in connection with any of the foregoing, on and subsequent to the date on which this Amendment becomes effective, any reference to the Agreement shall mean the Agreement as amended hereby.

3. Commitment Fee. The chart that is in the definition of "Applicable Commitment Fee Rate" in Section 1.01 of the Agreement is hereby amended to read in its entirety as follows:

	Level 1	Level 2	Level 3	Level 4	Level 5
	Senior LT Rating: BBB+/Baa1 or Better	Senior LT Rating: BBB/Baa2	Senior LT Rating: BBB-/Baa3	Senior LT Rating: BB+/Ba1	Senior LT Rating: Below BB+/Ba1
	Subordinated LT Rating: BBB/Baa2 or Better	Subordinated LT Rating: BBB-/Baa3	Subordinated LT Rating: BB+/Ba2	Subordinated LT Rating: BB-/Ba3	Subordinated LT Rating: Below BB-/Ba3
Commitment Fee Rate	.100	.125	.150	.250	.375

4. Applicable Margin. The chart that is in the definition of "Applicable Margin" in Section 1.01 of the Agreement is hereby amended to read in its entirety as follows:

	Level 1	Level 2	Level 3	Level 4	Level 5
	Senior LT Rating: BBB+/Baa1 or Better	Senior LT Rating: BBB/Baa2	Senior LT Rating: BBB-/Baa3	Senior LT Rating: BB+/Ba1	Senior LT Rating: Below BB+/Ba1
	Subordinated LT Rating: BBB/Baa2 or Better	Subordinated LT Rating: BBB-/Baa3	Subordinated LT Rating: BB+/Ba2	Subordinated LT Rating: BB-/Ba3	Subordinated LT Rating: Below BB-/Ba3
Eurodollar Revolving Margin	.32500	.37500	.42500	.62500	.87500
CD Revolving Margin	.45000	.50000	.55000	.75000	1.0000
Base Rate Revolving Margin	.00000	.00000	.00000	.00000	.00000
Eurodollar Term Margin	.32500	.37500	.42500	.75000	1.1250
CD Term Margin	.45000	.50000	.55000	.87500	1.2500
Base Rate Term Margin	.00000	.00000	.00000	.00000	.00000

5. Utilization Fee. The chart that is in the definition of "Applicable Utilization Rate" in Section 1.01 of the Agreement is hereby amended to read in its entirety as follows:

	Level 1	Level 2	Level 3	Level 4	Level 5
	Senior LT Rating: BBB+/Baa1 or Better	Senior LT Rating: BBB/Baa2	Senior LT Rating: BBB-/Baa3	Senior LT Rating: BB+/Ba1	Senior LT Rating: Below BB+/Ba1
	Subordinated LT Rating: BBB/Baa2 or Better	Subordinated LT Rating: BBB-/Baa3	Subordinated LT Rating: BB+/Ba2	Subordinated LT Rating: BB-/Ba3	Subordinated LT Rating: Below BB-/Ba3
Utilization Rate	0.0	0.0	0.0	.12500	.25000

6. Maturity Date. The definition of "Maturity Date" in Section 1.01 of the Agreement is hereby amended to read in its entirety as follows:

"Maturity Date" shall mean May 31, 2001.

7. Minimum Net Worth. Subsection (iv) of Section 6.02 of the Agreement is hereby amended to read in its entirety as follows:

> "(iv) Consolidated Net Worth. Permit Consolidated Net Worth as of the last day of any fiscal quarter of the Borrower to be less than $400,000,000."

8. Lenders. (a) Schedule 2.01 to the Agreement is hereby amended and replaced in its entirety by Schedule 2.01 to this Amendment.

(b) Each New Lender agrees to be bound by all provisions relating to "Lenders" under and as defined in the Agreement (as amended hereby), including (without limitation) provisions relating to the dissemination of information and the payment of indemnification.

9. Successors. Borrower acknowledges that, prior to the date hereof, Fleet National Bank, N.A. succeeded to the rights and obligations of Shawmut Bank, N.A. as a Lender.

10. Effectiveness. This Amendment shall become effective as of May 31, 1996 when:

(a) The Borrower, the Co-Agents, the Administrative Agent and each financial institution listed on the signature pages hereto (which includes all such institutions who were Lenders immediately prior to the effectiveness of this Amendment and all such institutions who shall become Lenders upon effectiveness of this Amendment) shall have executed a copy hereof and delivered the same to the Administrative Agent at 12 East 49th Street, New York, New York 10017 (attention: Juerg Johner), fax no. 212/238-5439.

(b) The Borrower shall have delivered to the Agent, on behalf of each of the following New Lenders, a duly executed Revolving Credit Note and a duly executed Term Note (in each case made payable to such Lender) in the amounts specified for such Lenders on New Schedule 2.01 as such Lender's Revolving Credit Commitment and Term Loan Commitment, respectively:

FNBB;

Sanwa; and
The Sumitomo Bank, Limited.

(c) Each of the following Old Lenders shall have delivered to the Agent, for further delivery to the Borrower, the Term Notes and Revolving Credit Notes previously issued to them (or, if lost, duly signed "lost note affidavits" in form and substance satisfactory to the Borrower):

Chase; and
National Westminster Bank plc.

(d) [intentionally deleted]

(e) The following financial institutions shall have remitted to the Administrative Agent for payment to the Old Lenders, on or before May 31, 1996 and in immediately available funds, the amounts set forth below (appropriately adjusted to reflect any Loans made or repaid between the date hereof and May 31, 1996 or, if later, the Amendment Effective Date):

Lender	Amount of Revolving Loan	Amount of Term Loan
FNBB	-0-	$4,285,714.29
Sanwa	-0-	$4,285,714.29
The Sumitomo Bank, Limited	-0-	$4,285,714.29

(f) The Borrower shall have paid to each of the Lenders party to the Agreement immediately prior to the Amendment Effective Date all accrued but unpaid interest and Commitment Fees payable to such Lenders through May 31, 1996 (or, if later, the date that this Amendment becomes effective in accordance with its terms). The parties hereto acknowledge that no Utilization Fees are payable to the Lenders for the two months ending May 31, 1996.

(g) Each of the Old Lenders shall have received an amount equal to the outstanding principal amount of their Term Loans and Revolving Loans on May 31, 1996 (or, if later, on the Amendment Effective Date), together with (from the Borrower) any amounts payable pursuant to Section 3.05 of the Agreement if any Eurodollar Loans, CD Rate Loans or Money Market Loans made by such Lenders are being repaid (whether pursuant to the Agreement or this clause (g) on a date other than the last day of the Interest Period applicable thereto).

If this Amendment shall not have become effective by the close of business (New York time) on May 31, 1996 (or such later time or date as the Administrative Agent consents to in writing), the provisions of this Amendment shall be deemed rescinded, null and void.

11. Reallocation. Notwithstanding anything to the contrary contained in the Agreement or any other Loan Document (including without limitation in Section 9.03 of the Agreement):

(a) upon the effectiveness of this Amendment, the Old Lenders shall cease to be Lenders;

(b) upon effectiveness of this Amendment, the New Lenders shall be Lenders under the Agreement, with Commitments as set forth

in New Schedule 2.01, as fully as if they had become Purchasers in accordance with the provisions of Section 9.03 of the Agreement;

(c) the Borrower, the New Lenders and each other party hereto hereby authorize the Administrative Agent, upon receipt of monies from the New Lenders paid pursuant to Section 10(e) of this Amendment, to apply (concurrently with the effectiveness of this Amendment) the amounts so received from such Lenders (to the extent thereof) to pay to the Old Lenders the principal amounts of their outstanding Loans to the Borrower;

(d) upon effectiveness of this Amendment, the Revolving Loans and Term Loans outstanding to each of the New Lenders shall:

(i) in the case of Term Loans, equal the amount listed as such Lenders' Term Loan Commitments on the New Schedule 2.01;

(ii) in the case of the Revolving Loans, equal the amount remitted by each such Lender pursuant to Section 10(e) above.

12. Limited Nature of Amendments. The amendments, waivers (if any) and consents (if any) set forth herein are limited precisely as written and shall not be deemed to (a) be a consent to any waiver of, or modification of, any other term or condition of the Agreement or any of the documents referred to therein or (b) prejudice any right or rights which the Lenders or any Co-Agent or the Administrative Agent may now have or may have in the future under or in connection with the Agreement or any of the documents referred to therein. Except as expressly amended hereby, the terms and provisions of the Agreement shall remain in full force and effect.

13. Governing Law. THIS AMENDMENT, INCLUDING THE VALIDITY THEREOF AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER, SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED WHOLLY WITHIN THE STATE OF NEW YORK (REGARDLESS OF THE PLACE WHERE THE AGREEMENT OR THIS AMENDMENT IS OR WAS EXECUTED).

14. Headings. The descriptive headings of the various provisions of this Amendment are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

15. Counterparts. This Amendment may be executed in any number of counterparts by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute one and the same instrument. Telecopied signatures hereto shall be of the same force and effect as an original of a manually signed copy.

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

THE PITTSTON COMPANY

By JAMES B. HARTOUGH

Name: James B. Hartough
Title: Vice President
Corporate Finance
and Treasurer

CREDIT SUISSE, as a Co-Agent, as Administrative Agent and as a Lender

By pp J JOHNER

Name: Juerg Johner
Title:Associate

By pp SCHULTHEISS-JENSEN

Name: Anne Schultheiss-Jensen
Title: Associate

CHEMICAL BANK, as a Co-Agent and a Lender

By PETER LING

Name: P. Ling
Title: VP

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as a Co-Agent and a Lender

By ROBERT BOTTAMEDI

Name: Robert Bottamedi
Title: Vice President

THE SANWA BANK LIMITED

By STEPHEN C. SMALL

Name: Stephen C. Small
Title: Vice President & Area Manager

THE SUMITOMO BANK, LIMITED

By Y. KAWAMURA

Name: Yoshinori Kawamura
Title: Joint General Manager

BANK OF MONTREAL

By JOSEPH LONGPRE

Name: Joseph M. Longpre
Title: Managing Director

THE BANK OF NOVA SCOTIA

By JAMES R. TRIMBLE

Name: J.R. Trimble
Title: Senior Relationship Manager

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)

By PETER LING

Name: P. Ling
Title: VP

FLEET NATIONAL BANK, N.A. (for itself and as successor to SHAWMUT BANK, N.A.)

By ROBERT C. RUBINO

Name: Robert Rubino
Title: V.P.

J. P. MORGAN DELAWARE

By JACQLYN KENNEDY SISSON

Name: Jacqlyn Kennedy Sisson
Title: Associate

THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED, NEW YORK BRANCH

By NOBORU KUBOTA

Name: Noboru Kubota
Title: Deputy General Manager

MELLON BANK, N.A.

By STEPHEN L. PRATHER

Name: Stephen L. Prather
Title: Vice President

NATIONAL WESTMINSTER BANK PLC

By IAN M. PLESTER

Name: Ian M. Plester
Title: Vice President

NATIONSBANK, N.A. (SOUTH), formerly known as:

NATIONSBANK OF GEORGIA, N.A.

By PATRICIA G. McCORMACK

Name:
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION

By DALE A. STEIN

Name: Dale A. Stein
Title: Vice President

TORONTO DOMINION (NEW YORK), INC.

By J. GARCIA

Name: Jorge Garcia
Title: Vice President

BANK OF BOSTON CONNECTICUT

By RICHARD J. KLOUDA

Name: Richard J. Klouda
Title: Director

SCHEDULE 2.01

COMMITMENTS

Lender (including notice address and Applicable Lending Officers)	Revolving Credit Commitment	Term Loan Commitment
Credit Suisse Tower 49 12 East 49th Street New York, NY 10017 Attention: Juerg Johner Telecopy: (212) 238-5419	$28,571,428.58	$11,428,571.42
Bank of Boston Connecticut One Landmark Square Stamford, CT 06901 Attention: Richard J. Klouda Telecopy: (203) 967-8169	$10,714,285.71	$ 4,285,714.29
Morgan Guaranty Trust Company of New York 60 Wall Street New York, NY 10260-0060 Attention: James Finch Telecopy: (212) 648-5335	$12,500,000.00	$ 5,000,000.00
Bank of Montreal 430 Park Avenue New York, NY 10022 Attention: Michael Sassos Telecopy: (212) 605-1451	$17,857,142.86	$ 7,142,857.14
The Bank of Nova Scotia One Liberty Plaza/26th floor New York, NY 10006 Attention: Frank Vidal Telecopy: (212) 225-5090	$17,857,142.86	$ 7,142,857.14

Chemical Bank One Chase Manhattan Plaza 5th floor New York, NY 10081 Attention: Peter Ling Telecopy: (212) 552-7773	$25,000,000.00	$10,000,000.00
Fleet National Bank, N.A. 1 Federal Street Boston, Mass. 02211 Attention: Robert Rubino Telecopy: (617) 346-0585	$21,428,571.43	$ 8,571,428.57
J. P. Morgan Delaware 902 N. Market Street Wilmington, DE 19801-3015 Attention: Philip S. Detjens Telecopy: (302) 654-5336	$12,500,000.00	$ 5,000,000.00
The Long-Term Credit Bank of Japan, Limited, New York Branch 165 Broadway New York, NY 10006 Attention: Gregory L. Hong Telecopy: (212) 608-2371	$17,857,142.86	$ 7,142,857.14
Mellon Bank, N.A. One Mellon Bank Center Room 4401 Pittsburgh, PA 15258-0001 Attention: Stephen L. Prather Telecopy: (412) 234-8888	$10,714,285.71	$ 4,285,714.29
The Sanwa Bank Limited 55 East 52nd Street New York, NY 10055 Attention: Steve Small Telecopy: (212) 754-2368	$10,714,285.71	$ 4,285,714.29

NationsBank of Georgia, N.A. 767 Fifth Avenue New York, NY 10153 Attention: Patricia McCormick Telecopy: (212) 751-6909	$21,428,571.43	$ 8,571,428.57
PNC Bank, National Association One PNC Plaza / 3rd floor Fifth Avenue and Wood Street Pittsburgh, PA 15265 Attention: Dale A. Stein Telecopy: (412) 762-2571	$21,428,571.43	$ 8,571,428.57
The Sumitomo Bank, Limited 277 Park Avenue New York, NY 10172 Attention: Timothy Clear Telecopy: (212) 224-5188	$10,714,285.71	$ 4,285,714.29
Toronto Dominion (New York), Inc. 31 West 52nd Street New York, NY 10019 Attention: Jeff Weaver Telecopy: (212) 262-1926	$10,714,285.71	$ 4,285,714.29
Total	$250,000,000	$ 100,000,000

The Pittston Company and Subsidiaries Exhibit 11
Computation of Earnings Per Share
(In thousands, except per share amounts)

Fully Diluted Earnings Per Share (a):

	Years Ended December 31		
	1996	1995	1994
Pittston Brink's Group:			
Net Income	$ 59,695	51,093	41,489
Average common shares outstanding	38,200	37,931	37,784
Incremental shares of stock options	483	400	464
Pro forma shares outstanding	38,683	38,331	38,248
Net income	$ 1.54	1.33	1.08
Pittston Burlington Group:			
Net income	$ 33,801	32,855	38,356
Average common shares outstanding	19,223	18,966	18,892
Incremental shares of stock options	486	200	232
Pro forma shares outstanding	19,709	19,166	19,124
Net income	$ 1.72	1.71	2.01
Pittston Minerals Group:			
Net income (loss)	$ 10,658	14,024	(52,948)
Preferred stock dividends	(1,675)	(2,762)	(3,998)
Net income (loss) attributable to common shares	$ 8,983	11,262	(56,946)
Average common shares outstanding	7,897	7,786	7,594
Incremental shares of stock options (b)	64	27	--
Convertible preferred stock (b)	1,945	2,186	--
Pro forma shares outstanding	9,906	9,999	7,594
Net income (loss) attributable to common shares	$ 1.08	1.40	(7.50)

(a) On January 18, 1996, the shareholders of The Pittston Company (the "Company") approved the Brink's Stock Proposal, as described in the Company's proxy statement dated December 15, 1995, resulting in the modification, effective as of January 19, 1996, of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Pittston Services Group Common Stock ("Services Stock") have been redesignated as Pittston Brink's Group Common Stock and one-half of one share of a new class of common stock identified as Pittston Burlington Group Common Stock has been distributed for each outstanding share of Services Stock. Accordingly, all common share, stock options and per share data prior to the redesignation has been restated to reflect the Company's new equity structure.

(b) For 1994 the effect of stock options are excluded from the computations because they are antidilutive, whereby their inclusion results in a lower loss per common share. In addition, in 1994 the preferred stock conversion is also excluded since it is antidilutive.

Primary Earnings Per Share
Primary earnings per share can be computed from the information on the face of the Consolidated Statements of Operations.

EXHIBIT 21

SUBSIDIARIES OF THE PITTSTON COMPANY
(Percentage of Voting Securities 100% unless otherwise noted)

Company	Jurisdiction of Incorporation
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
Brink's Express Company	Illinois
Brink's (Liberia) Inc.	Liberia
Brink's Redevelopment Corporation	Missouri
Brink's Security International, Inc.	Delaware
Brink's Air Courier Australia Pty. Ltd.	Australia
Brink's Argentina [51%]	Argentina
Brink's Bolivia S.A. [59%]	Bolivia
Brink's Canada Limited	Canada
Brink's Security Company Limited	Canada
Brink's SFB Solutions, Ltd.	Canada
2721821 Canada Inc.	Canada
Brink's C.I.S., Inc.	Delaware
Brink's de Colombia S.A. [50.5%]	Colombia
Brink's Diamond & Jewelry Services, Inc.	Delaware
Brink's Diamond & Jewelry Services (International 1993) Ltd. [BSI 99.9%][BIMGI .1%]	Israel
Brink's Diamond & Jewelry Services S.R.L.	Italy
Brink's Far East Limited [99.9%]	Hong Kong
Brink's HKS Limited [33.33%][33.33% BI]	Hong Kong
Brink's Holland B.V.	Netherlands
Brink's International Air Courier, Inc.	Delaware
Brink's International A.G. [50% BSI; 50% BL]	Switzerland
Brink's International Management Group, Inc.	Delaware
Brink's Israel, Ltd. [70%]	Israel
Brink's Japan Ltd. [51%]	Japan
Brink's Network, Incorporated	Delaware
Brink's Puerto Rico, Inc.	Puerto Rico
Brink's Security Transport Singapore Pte. Ltd [60%]	Singapore
Brink's (UK) Limited	U.K.
Brink's Commercial Services Limited [399,999 shs. BUK][1 share BI]	U.K.
Brink's Diamond & Jewellery Services Limited [499,999 shs. BUK][1 share BI]	U.K.
Brink's Limited [649,999 shs. BUK][1 share BI]	U.K.
Brink's Nedlloyd Special Services [60%][5% BH]	Netherlands
Brink's Limited (Bahrain) EC	Bahrain
Brink's (Gibraltar) Limited [99%]	Gibraltar
Brink's Security Limited [99%]	U.K.
Quarrycast Commercial Limited [50% BL]	U.K.
Hermes Securitransport S.A. [50.5%]	Greece
S.A. Brink's Diamond & Jewelry Services N.V. [99%]	Belgium
S.A. Brink's Europe N.V. [99%]	Belgium
Servicios Brink's S.A. [60.45%]	Chile
Transpar-Participacoes Ltda. [99%; 1% BI]	Brazil
Alarm-Curso de Formacao de Vigilantes, Ltda.[99%]	Brazil
Brink's Seguranca Transporte de Valores [99%]	Brazil

Brink's Transportes e Despachos Ltda. [99%]	Brazil
Transporte de Valores (Brink's Chile) S.A. [60.45]	Chile
Brink's SFB Solutions, Inc.	Delaware
Brink's (Southern Africa) (Proprietary) Limited	South Africa
Pittston Finance Company Inc.	Delaware
BAX HOLDING COMPANY	VIRGNIA
BAX Finance Inc.	Delaware
Burlington Air Express Inc.	Delaware
Burlington Air Express International Inc.	Delaware
BAX Holdings, Inc.	Philippines
Burlington Air Express Philippines, Inc.	Philippines
BAX (Malaysia) Sdn. Bhd.	Malaysia
Bax-Transitarios, Lda. [Esc. 4.980.000/BAX Esc. 20.000]	Portugal
Burlington Air Express Aktiebolag	Sweden
Burlington Air Express Gotenberg AB	Sweden
Burlington Air Express AG	Switzerland
Burlington Air Express A/S	Denmark
Burlington Air Express B.V.	Netherlands
Burlington Air Express N.V./S.A.	Belgium
Burlington Air Express Pte Ltd.	Singapore
Burlington Air Express (Brazil) Inc.	Delaware
Burlington Air Express (Canada) Ltd.	Canada
797726 Ontario Limited	Canada
Burlington Air Express do Brazil Ltda.	Brazil
Burlington Air Express (Dubai) Inc.	Delaware
Burlington Air Express (France) SARL	France
Burlington Air Express France S.A.	France
Burlington Air Express GmbH	Germany
Burlington Air Express Holdings Pty. Limited	Australia
Burlington Air Express (Aust) Pty. Limited	Australia
Burlington Air Express Cartage Pty. Limited	Australia
Burlington Air Express (Ireland) Limited [11 sh./BAX 1 sh.]	Ireland
Burlington Air Express Japan K.K.	Japan
Burlington Air Express Limited [Hong Kong]	Hong Kong
Burlington Air Express Mexico, S.A. de C.V. [49,999 sh./BAX 1 sh.]	Mexico
Burlington Air Express (NZ) Ltd.	New Zealand
Colebrook Brothers Limited	New Zealand
Walsh and Anderson (1991) Limited	New Zealand
Burlington Air Express Services Inc.	Delaware
Burlington Air Express (U.K.) Limited	U.K.
Alltransport Holdings Limited	U.K.
Alltransport International Group Limited	U.K.
Alltransport Warehousing Limited	U.K.
Burlington Air Express Limited	U.K.
Burlington European Express Limited	U.K.
Burlington Ocean Services Limited	U.K.
WTC Air Freight (U.K.) Limited	U.K.
Burlington Networks B.V.	Netherlands
Burlington Networks Inc.	Delaware
Burlington Air Express S.A.	Spain
Burlington-Transmaso Air Express Lda. (being liquidated)	Portugal
Indian Enterprises Inc.	Delaware
PZS S.r.l. [99% BAXI; 1% BAX)	Italy
CSC Customs and Management Services S.r.l.	Italy
Burlington Air Imports Inc.	Delaware
Burlington Airline Express Inc.	Delaware

Burlington Land Trading Inc.	Delaware
Highway Merchandise Express, Inc.	California
WTC Airlines, Inc.	California
WTC SUB	California
PITTSTON ADMINISTRATIVE SERVICES INC.	DELAWARE
PITTSTON MINERALS GROUP INC.	VIRGINIA
Pittston Coal Company	Delaware
American Eagle Coal Company	Virginia
Appalachian Equipment Rental Corp.	Delaware
Heartland Coal Company	Delaware
Maxim Management Company	Virginia
Mountain Forest Products, Inc.	Virginia
Pine Mountain Oil and Gas, Inc.	Virginia
Pittston Acquisition Company	Virginia
Addington, Inc.	Kentucky
Ironton Coal Company	Ohio
Appalachian Land Company	W. Virginia
Appalachian Mining, Inc.	W. Virginia
Molloy Mining, Inc.	W. Virginia
Wilderness Mining Company, Inc.	W. Virginia
Kanawha Development Corporation	W. Virginia
Vandalia Resources, Inc.	W. Virginia
Pittston Coal Management Company	Virginia
Pittston Coal Sales Corp.	Virginia
Pittston Coal Terminal Corporation	Virginia
Pyxis Resources Company	Virginia
Heartland Resources, Inc.	W. Virginia
HICA Corporation	Kentucky
Holston Mining, Inc.	W. Virginia
Motivation Coal Company	Virginia
Paramont Coal Corporation	Delaware
Pyxis Coal Sales Company	Virginia
Sheridan-Wyoming Coal Company, Incorporated	Delaware
Thames Development, Ltd.	Virginia
Buffalo Mining Company	W. Virginia
Clinchfield Coal Company	Virginia
Dante Coal Company	Virginia
Eastern Coal Corporation	W. Virginia
Elkay Mining Company	W. Virginia
Jewell Ridge Coal Corporation	Virginia
Kentland-Elkhorn Coal Corporation	Kentucky
Little Buck Coal Company	Virginia
Meadow River Coal Company	Kentucky
Pittston Coal Group, Inc.	Virginia
Ranger Fuel Corporation	W. Virginia
Sea "B" Mining Company	Virginia
Pittston Mineral Ventures Company	Delaware
PMV Gold Company	Delaware
Pittston Mineral Ventures International Ltd.	Delaware
Pittston Mineral Ventures of Australia Pty. Limited	Australia
Carbon Ventures Pty. Limited	Australia
International Carbon (Aust.) Pty. Limited	Australia
Pittston Australasian Mineral Exploration Pty Limited	Australia
Pittston Black Sands of Western Australia Pty Limited	Australia
THE PITTSTON COMPANY [DELAWARE]	DELAWARE

Exhibit 23

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 and 333-02219) on Form S-8 of The Pittston Company of our reports dated January 23, 1997, as listed in the accompanying Index to Financial Statements in Item 14(a)1 included in the 1996 Annual Report on Form 10-K of The Pittston Company which reports appear herein.

Our reports for Pittston Brink's Group, Pittston Burlington Group and Pittston Minerals Group contain an explanatory paragraph that states that the financial statements of Pittston Brink's Group, Pittston Burlington Group and Pittston Minerals Group should be read in connection with the audited consolidated financial statements of The Pittston Company and subsidiaries.

KPMG PEAT MARWICK LLP

KPMG Peat Marwick LLP
Stamford, Connecticut

March 27, 1997

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Joseph C. Farrell, Austin F. Reed and Gary R. Rogliano, 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, 1996 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of March, 1997.

R. G. Ackerman

Roger G. Ackerman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Joseph C. Farrell, Austin F. Reed and Gary R. Rogliano, 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, 1996 (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 14th day of March, 1997.

Mark J. Anton

M. J. Anton

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Joseph C. Farrell, Austin F. Reed and Gary R. Rogliano, 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, 1996 (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 11 day of March, 1997.

J. R. Barker

J. R. Barker

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Joseph C. Farrell, Austin F. Reed and Gary R. Rogliano, 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, 1996 (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 13 day of March, 1997.

J. L. Broadhead

J. L. Broadhead

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Joseph C. Farrell, Austin F. Reed and Gary R. Rogliano, 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, 1996 (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 14th day of March, 1997.

W. F. Craig

W. F. Craig

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Austin F. Reed and Gary R. Rogliano, 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, 1996 (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 7th day of March, 1997.

J. Farrell

J. C. Farrell

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Joseph C. Farrell, Austin F. Reed and Gary R. Rogliano, 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, 1996 (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 14th day of March, 1997.

R. M. Gross

R. M. Gross

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Joseph C. Farrell, Austin F. Reed and Gary R. Rogliano, 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, 1996 (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 14th day of March, 1997.

C. F. Haywood

C. F. Haywood

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Austin F. Reed, Joseph C. Farrell and Gary R. Rogliano, 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, 1996 (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 13th day of March, 1997.

D. L. Marshall

D. L. Marshall

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Joseph C. Farrell, Austin F. Reed and Gary R. Rogliano, 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, 1996 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 10th day of March, 1997.

R. H. Spilman

R. H. Spilman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Joseph C. Farrell, Austin F. Reed and Gary R. Rogliano, 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, 1996 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of March, 1997.

A. H. Zimmerman

A. H. Zimmerman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Joseph C. Farrell, Austin F. Reed and James B. Hartough, 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 corpo ration (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, 1996 (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 14th day of March, 1997.

G. R. Rogliano

G. R. Rogliano

This schedule contains summary financial information from The Pittston Company
Form 10K for the calendar year ended December 31, 1996, and is qualified in its
entirety by reference to such financial statements.

1,000

12-MOS
DEC-31-1996
DEC-31-1996
41,217
1,856
439,642
16,116
37,127
618,690
998,607
457,756
1,812,879
568,967
158,837
70,413
0
1,154
535,140
1,812,879
696,513
3,106,644
707,497
2,957,514
(47,299)
7,688
14,074
146,696
42,542
104,154
0
0
0
104,154
0
0

Pittston Brink's Group - Primary - 1.56
Pittston Burlington Group - Primary - 1.76
Pittston Minerals Group - Primary - 1.14
Pittston Brink's Group - Diluted - 1.56
Pittston Burlington Group - Diluted - 1.76
Pittston Minerals Group - Diluted - 1.08