UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal year ended December 31, 1997

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
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 2, 1998, there were issued and outstanding 41,129,679 shares of Pittston Brink's Group common stock, 20,259,468 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 $1,501,871,904, $427,345,374 and $69,906,338, respectively.

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

PART I

ITEMS 1. AND 2. BUSINESS AND PROPERTIES

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, BAX Global, Coal Operations and Mineral Ventures. Financial information on the Company's segments for the three fiscal periods ended December 31, 1997, if included, is presented in Note 17 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, 1997 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, 1997, except as so stated or indicated by the context.

Activities relating to the BAX Global segment are carried on by BAX Global Inc. and its subsidiaries and certain affiliates and associated companies in foreign countries (together, "BAX Global"). Activities relating to 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").

The Company has a total of approximately 33,000 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 149 branches in the United States and 39 branches in Canada. Service is also provided through subsidiaries, affiliates and associated companies in 46 countries outside the United States and Canada. These international operations contributed approximately 50% of Brink's total reported 1997 operating profit. Brink's ownership interest in subsidiaries and affiliated companies ranges from approximately 20% to 100%; in some instances local laws limit the extent of Brink's interest.

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

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

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

delivery of valuable air cargo shipments. In certain geographic areas, Brink's transports canceled checks between banks or between a clearing house and its member banks. Brink's has developed and is marketing a product called CompuSafe designed to streamline the handling and management of cash receipts for the convenience store and gas station market. Pilot tests continue 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 48% of its revenues in 1997, are organized into three regions: Europe, Latin America and Asia/Pacific. In Europe, wholly owned subsidiaries of Brink's operate in the United Kingdom, Netherlands and, in the diamond and jewelry business, in Belgium, Italy, Russia and the United Kingdom. Also, in January 1998, Brink's purchased the remaining outstanding shares of its subsidiary in France. 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, Germany, Ireland, Italy, Jordan and Luxembourg. A wholly owned subsidiary operates in South Africa. In Latin America, a wholly owned subsidiary operates in Brazil. Brink's owns a 61% interest in a subsidiary in Venezuela, a 73% interest in a subsidiary in Chile, a 95% 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 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. In the Asia/Pacific region, wholly owned subsidiaries of Brink's operate in Australia, Taiwan and China, and majority owned subsidiaries operate in Japan (51% owned) and Singapore (60% owned). Brink's also has minority interests in affiliates in India, Pakistan and Thailand ranging from 40% to 49%.

Because the financial results of Brink's are reported in 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 currency rate fluctuations. In addition, these 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, the Company, on behalf of Brink's, from time to time, uses foreign currency forward contracts to hedge the risk associated with certain transactions. Brink's is also 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 of such risks on Brink's cannot be predicted.

Competition

Brink's is the oldest and largest armored car service company in the United States as well as a market leader in most of the countries in which it operates. The foreign subsidiaries, affiliates and associates of Brink's compete with numerous armored car and courier service companies in many areas of operation. In the United States, Brink's presently competes nationally with 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 a newly patented 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. The availability of quality and reliable insurance coverage is an important factor in the ability of Brink's to obtain and retain customers. Quality insurance is available to Brink's in major markets although the premiums charged are subject to fluctuations depending on market conditions. Less expensive armored car and air courier all-risk insurance is available, but these policies typically contain unacceptable operating warranties and limited customer protection.

Government Regulation

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

Employee Relations

At December 31, 1997, Brink's and its subsidiaries had approximately 9,700 employees in North America, of whom approximately 3,300 are classified as part-time employees. At December 31, 1997, Brink's had approximately 12,700 employees outside North America. In the United States, two locations (12 employees) are covered by collective bargaining agreements. At December 31, 1997, 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 1998. The remaining agreements will expire after 1998. Brink's believes that its employee relations are generally satisfactory.

Properties

Brink's owns 25 branch offices and holds under lease an additional 185 branch offices, located in 38 states, the District of Columbia, the Commonwealth of Puerto Rico and nine Canadian provinces. Such branches generally include office space and garage or vehicle terminals, and serve not only the city in which they are located but also nearby cities. Brink's corporate headquarters in Darien, Connecticut, is held under a lease expiring in 2000, with an option to renew for an additional five-year period. The leased branches include 104 facilities held under long-term leases, while the remaining 81 branches are held under short-term leases or month-to-month tenancies.

Brink's owns or leases, in the United States and Canada, approximately 2,100 armored vehicles, 300 panel trucks and 260 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 5,000 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, 1997, BHS was monitoring approximately 511,500 systems, including 105,600 new subscribers since December 31, 1996, and was servicing 66 metropolitan areas in 40 states, the District of Columbia and Canada. Seven of these areas were added during 1997.

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 1998. 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 new central monitoring station near Dallas, Texas. The new monitoring station has been designed and constructed to meet the specifications of Underwriters' Laboratories, Inc. ("UL"). BHS is applying for a UL listing for the new facility. A backup monitoring center in Carrollton, Texas, protects against a catastrophic event at the primary monitoring center. In the event of an emergency, such as fire, 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 Alberta. The alarm service industry continues to experience a high incidence of false alarms in some communities, including communities in which BHS operates. This has caused some local governments to impose assessments, fines and penalties on subscribers of alarm companies (including BHS) based upon the number of false alarms reported. There is a possibility that at some point some police departments may refuse to respond to calls from alarm companies which would necessitate that private response forces be used to respond to alarm signals. Since these false alarms are generally not attributable to equipment failures, BHS does not anticipate any significant capital expenditures will be required as a result thereof. BHS believes its alarm service contracts will allow BHS to pass these charges on to the appropriate customers. Regulation of installation and monitoring of fire detection devices has also increased in several markets.

Competition

BHS competes in many of its markets with numerous small local companies, regional companies and several large national firms. BHS believes that it is one of the leading firms engaged in the business of installing, servicing and monitoring electronic security systems in the single-family home marketplace. Competitive pressure on installation fees increased in 1996 and 1997. Several significant competitors offer installation prices which match or are less than BHS prices; however, many of the small local competitors in BHS markets continue to charge significantly more for installation. In February 1996, a Federal telecommunications reform bill was enacted which contained provisions specific to the alarm industry. The key provisions include a five year waiting period prior to entry for the six (now four) regional Bell operating companies ("RBOCs") not already providing alarm service, restrictions on further purchases of alarm companies by one RBOC, Ameritech, which has already become a significant competitor in the industry, a prohibition against cross-subsidiarization by an RBOC of any alarm subsidiaries, a prohibition against any 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 2,100 employees, none of whom is covered by a collective bargaining agreement. BHS believes that its employee relations are satisfactory.

Properties

BHS operates from 56 leased offices and warehouse facilities across the United States and two leased offices in Canada. All premises protected by BHS alarm systems are monitored from the new central monitoring station near Dallas which is held by BHS under a lease expiring in 2003. The new facility is also occupied by administrative, technical and marketing services personnel who support branch operations. The lease for the backup monitoring center in Carrollton, Texas, expires in 2002. BHS retains ownership of nearly all the approximately 511,500 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 helps prevent another alarm company from providing services using BHS security equipment. On the other hand, when a current customer cancels the monitoring service because of a move, the retention of ownership of the equipment facilitates the marketing of the monitoring service to the new homeowner. BHS leases all 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 BAX Global.

BAX Global

General

BAX Global is primarily engaged in North American overnight and second day freight, and international time definite air and sea transportation, freight forwarding and logistics management services and international customs brokerage. In conducting its forwarding business, BAX Global generally picks up or receives freight shipments from its customers, consolidates the freight of various customers into shipments for common destinations, arranges for the transportation of the consolidated freight to such

destinations (using either commercial carriers or, in the case of most of its United States, Canadian and Mexican shipments, its own aircraft fleet and hub sorting facility) and, at the destinations, distributes the consolidated shipments and effects delivery to consignees. For international shipments, BAX Global also frequently acts as customs broker facilitating the clearance of goods through customs at international points of entry. BAX Global provides transportation customers with logistics services and operates warehouse and distribution facilities in several countries.

BAX Global 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. BAX Global 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, BAX Global offers a similar variety of services including ocean forwarding, door-to-door delivery and standard and expedited freight services.

BAX Global 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 122 countries. BAX Global 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.

BAX Global'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. BAX Global also utilizes an image processing system to centralize domestic airbill and related document storage in BAX Global's computer for automated retrieval by any BAX Global office.

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

During 1997, BAX Global began a BAX Process Innovation ("BPI") Program which was comprised of an extensive review of all aspects of the company's operations. Senior management from around the world, working with a major consulting firm, reviewed all areas of the business including sales, operations, finance, logistics and information technology. BPI detailed improvements in its worldwide business through development of information systems that are intended to enhance productivity and improve the company's competitive position.

In 1998, BAX Global initiated a commitment for BPI of approximately $50 million over the next six to nine months. As more details of this plan are being developed, BPI will be integrated with BAX Global's continuous improvement program. BAX Global now anticipates spending approximately $120 million (including the aforementioned $50 million) on information technology systems during 1998 and 1999 which will include substantial improvements to its information systems, annual recurring capital costs and spending for Year 2000 compliance issues. These expenditures are expected to occur equally between the two years, with approximately one-third expected to be expensed as incurred while the remainder will be capitalized.

Aircraft Operations

BAX Global utilizes a fleet of 30 leased or contracted and 6 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. In addition, two leased aircraft service customers in the Southwest to points between Seattle and Dallas. BAX Global's fleet is also used for charters and to serve other international markets from time to time. The fleet and hub are primarily dedicated to providing reliable next-day service for domestic, Canadian and Mexican air cargo customers. BAX Global owns 4 DC-8 and 2 B727-100 aircraft. At December 31, 1997, BAX Global utilized 12 DC8's (including 11 DC8-71 aircraft) under leases for terms expiring between 1998 and 2003. Twenty additional 727 cargo aircraft were under contract at December 31, 1997, for terms of less than two years. Based on the current state of the aircraft leasing market, BAX Global believes that it should be able to renew these leases or enter into new leases on terms reasonably comparable to those currently in effect. Pittston has guaranteed BAX Global'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 BAX Global 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, 1997, was approximately 2.6 million pounds, calculated on an average freight density of 7.5 pounds per cubic foot. BAX Global's nightly lift capacity varies depending upon the number and type of planes operated by BAX Global at any particular time. Including trucking capacity available to BAX Global, the aggregate daily cargo capacity at December 31, 1997, was approximately 3.5 million pounds.

For aircraft owned or held under long-term lease, BAX Global is generally responsible for all the costs of operating and

maintaining the aircraft, including any special maintenance or modifications which may be required by Federal Aviation Administration ("FAA") regulations or orders (see "Government Regulation" below). In 1997, BAX Global had cash outlays totaling approximately $29.7 million on routine heavy maintenance of its aircraft fleet. BAX Global 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 BAX Global's profitability.

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

In February 1998, BAX Global signed an agreement to acquire, subject to regulatory and judicial approvals and other conditions to closing, the privately held Air Transport International LLC ("ATI"). ATI is a U.S.-based freight and passenger airline which operates a certificated fleet of DC-8 aircraft providing services to BAX Global and other customers. The ATI acquisition is part of BAX Global's strategy to improve the quality of its service offerings for its customers by increasing its control over flight operations. As a result of this agreement, BAX Global is suspending its efforts to start its own certificated airline carrier operations.

Fuel costs are a significant element of the total costs of operating BAX Global's aircraft fleet. For each one cent per gallon increase or decrease in the price of jet fuel, BAX Global's airline operating costs may increase or decrease approximately $80,000 per month. In order to protect against price increases in jet fuel, from time to time BAX Global enters into hedging and other agreements, including swap contracts, options and collars.

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

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

Customers

BAX Global's domestic and foreign customer base includes thousands of industrial and commercial shippers, both large and small. BAX Global's customer base includes major companies in the automotive, aerospace, computer, electronics, fashion, consumer and other industries where rapid delivery of high-value products is required. In 1997, no single customer accounted for more than 3% of BAX Global's total worldwide revenues. BAX Global does not have long-term, noncancellable contracts with any of its customers.

Competition

The air and 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. BAX Global competes with other integrated air freight companies that operate their own aircraft, as well as with air freight forwarders, express delivery services, passenger airlines and other transportation companies. Domestically, BAX Global also competes with package delivery services provided by ground transportation companies, including trucking firms and surface freight forwarders, which offer specialized overnight services within limited geographical areas. As a freight forwarder to, from and within international markets, BAX Global also competes with government-owned or subsidized passenger airlines and ocean shipping companies. In logistics services, BAX Global competes with many third party logistics providers.

Government Regulation

The air transportation industry is subject to Federal regulation under the Federal Aviation Act of 1958, as amended, and pursuant to that statute, the Department of Transportation ("DOT") may exercise regulatory authority over BAX Global. Although BAX Global 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 BAX Global's activities are centered, BAX Global would be required to serve those airports with Stage III equipment.

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

The Noise Act requires the FAA to promulgate regulations setting forth a schedule for the gradual phase-out of Stage II aircraft. The FAA has adopted rules requiring each "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 BAX Global's fleet held under long-term leases or owned now comply with the Stage III limits. Through 1999, BAX Global anticipates hush-kitting two DC8-63 aircraft, as well as two B727-100 aircraft, which currently do 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. BAX Global 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, BAX Global could be adversely affected. Eleven of the DC8 cargo aircraft leased by BAX Global have been reengined with CFM 56-2C1 engines which comply with Stage III noise standards.

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

International Operations

BAX Global's international operations accounted for approximately 62% of its revenues in 1997. Included in international operations are export shipments from the United States.

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

Because the financial results of BAX Global are reported in U.S. dollars, they are affected by the changes in the value of the various foreign currencies in relation to the U.S. dollar. BAX Global's international activity is not concentrated in any single currency, which limits the risks of foreign currency fluctuations. In addition, these rate fluctuations may adversely affect transactions which are denominated in currencies other than the functional currency. BAX Global 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 BAX Global, uses foreign currency forward contracts to hedge the risk associated with such transactions. BAX Global is also subject to other risks 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 of such risks, if any, on BAX Global cannot be predicted.

Employee Relations

BAX Global and its subsidiaries have approximately 6,400 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 BAX Global's stations at John F. Kennedy Airport, New York; Secaucus, New Jersey; Minneapolis, Minnesota; and Toronto, Canada are represented by labor unions, which in most cases are affiliated with the International Brotherhood of Teamsters. The collective bargaining agreement at John F. Kennedy Airport has expired and is currently being negotiated; the Toronto agreement was negotiated in 1997 to run through March 1999. BAX Global did not experience any significant strike or work stoppage in 1997 and considers its employee relations satisfactory.

Substantially all of BAX Global'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

BAX Global operates 264 (113 domestic and 151 international) stations with BAX Global personnel, and has agency agreements at an additional 234 (45 domestic and 189 international) stations. These stations are located near primary shipping areas, generally at or near airports. BAX Global-operated domestic stations, which generally include office space and warehousing facilities, are located in 46 states and Puerto Rico. BAX Global-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 BAX Global-operated stations are held under lease. The Hub in Toledo, Ohio, is held under a lease expiring in 2013, with rights of renewal for three five-year periods. Other facilities, including the corporate headquarters in Irvine, California, are held under leases having terms of one to ten years.

BAX Global owns or leases, in the United States and Canada, a fleet of approximately 34 automobiles as well as 162 vans and trucks utilized in station work or for hauling freight between airport facilities and BAX Global's stations.

PITTSTON MINERALS GROUP

Pittston Minerals Group (the "Minerals Group") is primarily engaged in the mining, preparation and marketing of coal, the purchase of coal for resale 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 20 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 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 1997, coal accounted for approximately 56% 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 sulphur steam coal. Such increased demand could result from factors such as regulatory requirements mandating lower emissions of sulphur dioxide and utility deregulation which should favor coal as the lowest cost energy source for power plants. In 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). The years 1995 and 1996 benefited from some relief from declining currencies while 1997 suffered from a sharp weakening of the Australian dollar. Metallurgical coal sales contracts typically are subject to annual price renegotiation, which increases the exposure to market forces.

Production

The following table indicates the approximate tonnage of coal purchased and produced by the Coal Operations for the years ended 1997, 1996 and 1995:

	Years Ended December 31		
(In thousands of tons)	1997	1996	1995
Produced:			
Deep	4,975	3,930	3,982
Surface	10,238	11,151	12,934
Contract	1,433	1,621	1,941
	16,646	16,702	18,857
Purchased	4,075	5,762	6,047
Total	20,721	22,464	24,904

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Sales

The following table indicates the approximate tonnage of coal sold by Coal Operations in the years ended December 31, 1997,

1996 and 1995 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 1997	1996	1995
Domestic:			
Steel and coke producers	792	139	736
Utility, industrial and other	12,912	14,794	15,846
	13,704	14,933	16,582
Export:			
Utility, industrial and other	--	217	102
Steel and coke producers	6,764	7,821	7,712
Total sold	20,468	22,971	24,396
Average selling price per ton	$ 29.52	29.17	28.81

For the year ended December 31, 1997, Coal Operations sold approximately 20.5 million tons of coal, of which approximately 13.5 million tons were sold under long-term contracts. In 1996, Coal Operations sold approximately 23.0 million tons of coal, of which approximately 14.9 million tons were sold under long-term contracts.

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

Year	Thousands of tons
1998	11,532
1999	9,200
2000	7,561
2001	5,881
2002	4,668
2003	2,826
2004	2,438
2005	2,363
2006	1,493
2007	474
Total	48,436

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 1997, the ten largest domestic customers purchased 11.2 million tons of coal (55% of total coal sales and 82% of domestic coal sales, by tonnage). The three largest domestic customers purchased 8.0 million tons of coal for the year ended December 31, 1997 (39% of total coal sales and 59% of domestic coal sales, by tonnage). The largest single customer, American Electric Power Company, purchased 5.6 million tons of coal, accounting for 27% of total coal sales and 41% of domestic coal sales, by tonnage. In 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 in 1996 (33% of total coal sales and 51% of domestic coal sales, by tonnage). In 1996, 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.

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

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

Metallurgical contracts are generally of one-year duration. The longest-term metallurgical contract is valid through May 31, 2001. Contracts for the sale of metallurgical coal in the domestic and export markets are generally subject to price renegotiations on an annual basis. Coal Operations' sales of metallurgical coal are diversified geographically on a worldwide basis. Approximately 0.8 million tons, or 11% of metallurgical sales were domestic; 4.2 million tons, or 56%, were to the Europe/Mediterranean basin; 1.4 million tons, or 19%, were to the Far East and 1.1 million tons, or 15%, were to Latin America. Negotiations with Far East customers have concluded for 1998 with price reductions of approximately 5% due in part to the strong U.S. dollar and the economic turmoil in Asia. Fortunately, Coal Operations' sales are less exposed to this market relative to past years and other markets are not expected to incur reductions of the same magnitude.

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, particularly in the case of the Australian dollar. 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.

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

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

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 $1.5 million in 1997 and estimates expenditures of $2.0 million in 1998. 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, 1997, approximately 652 of the 2,055 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 1997 and 1996, these amounts were approximately $9.3 million and $10.4 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 $9 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, 1997 at approximately $200 million, which when discounted at 7.5% 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 the 1950 Benefit Trust Funds and the 1974 Pension Benefit Trust Fund (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Company and the Minerals Group recognized in their financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case.

In late March 1996, a settlement was reached in the Evergreen Case. Under the terms of the settlement, the coal subsidiaries which had been signatories to earlier National Bituminous Coal Wage Agreements agreed to make various lump sum payments in full satisfaction of all amounts allegedly due to the Trust Funds through January 31, 1996, to be paid over time as follows: approximately $25.8 million upon dismissal of the Evergreen Case and the remainder of $24.0 million in installments of $7.0

million in 1996 and $8.5 million in each of 1997 and 1998. The first payment was entirely funded through an escrow account previously established by the Company. The second and third payments were paid according to schedule and were funded by cash flows from operating activities. In addition, the coal subsidiaries agreed to future participation in the UMWA 1974 Pension Plan.

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

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, 1997 were 136 million, 384 million and 520 million tons, respectively. Such estimates represent economically recoverable and minable tonnage and include allowances for extraction and processing.

The increase in deep mining and total reserves over 1996 levels is primarily attributable to a reclassification of reserves to the proven and probable category following recent additional exploration, reserve and mine feasability studies.

Of the 520 million tons of proved and probable coal reserves as of year-end 1997, approximately 60% has a sulphur content of less than 1% (which is generally regarded in the industry as low sulphur coal) and approximately 40% has a sulphur content greater than 1%. Approximately 34% of total proven and probable reserves consist of metallurgical grade coal.

As of December 31, 1997, Coal operations controlled approximately 608 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. 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 continues to evaluate gold projects in North America and Australia. An exploration office operates from Reno, Nevada to coordinate Mineral Ventures' expanded exploration program in the Western United States. In 1997, Mineral Ventures expended approximately $4.1 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 84,600 ounces of gold in 1997. Mineral Ventures estimates that on December 31, 1997, the Stawell gold mine had approximately 438,000 ounces of proven and probable gold reserves. In-mine and surface exploration at Stawell continue to generate positive results.

Production from the Silver Swan base metals property in Western Australia, in which Mineral Ventures has a 17% indirect interest, commenced mid-year 1997 as planned. As of December 31, 1997, proven and probable reserves in the primary deposit are estimated at 626,000 metric tons of ore grading 9.3% nickel, with minor cobalt, copper and arsenic values and are anticipated to increase as the primary ore zone remains open at depth. In addition, a satellite deposit known as Cygnet Disseminated, is estimated to contain a probable reserve of 1,052,000 metric tons of ore grading 2.2% nickel.

MATTERS RELATING TO FORMER OPERATIONS

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

Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs, on an undiscounted basis, using existing technologies to be between $6.6 million and $11.9 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 and certain assumptions the Company is making with respect to the end use of the property. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, 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. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the event the parties are unable to settle the dispute, the case is scheduled to be tried beginning September, 1998. Management and its outside legal counsel continue to believe, however, that recovery of a substantial portion of the cleanup costs ultimately will be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and on the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for is immaterial.

ITEM 3. LEGAL PROCEEDINGS

Not applicable.

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

Not applicable.

The Pittston Company and Subsidiaries
EXECUTIVE OFFICERS OF THE REGISTRANT

The following is a list as of March 15, 1998, of the names and ages of the executive and other officers of Pittston and the names and ages of certain officers of its subsidiaries, indicating the principal positions and offices held by each. There is no family relationship between any of the officers named.

Name	Age	Positions and Offices Held	Held Since
Executive Officers:			
Michael T. Dan	48	President, Chief Executive Officer and Director	1998
James B. Hartough	50	Vice President--Corporate Finance and Treasurer	1988
Frank T. Lennon	56	Vice President--Human Resources and Administration	1985
Austin F. Reed	46	Vice President, General Counsel and Secretary	1994
Gary R. Rogliano	46	Senior Vice President and Chief Financial Officer	1997
Other Officers:			
Amanda N. Aghdami	29	Controller	1997
Jonathan M. Sturman	55	Vice President--Corporate Development	1995
Arthur E. Wheatley	55	Vice President and Director of Risk Management	1988
Subsidiary Officers:			
Michael T. Dan	48	President and Chief Executive Officer of Brink's, Incorporated	1993
		President and Chief Executive Officer of Brink's Holding Company	1995
		Chairman of BAX Global Inc.	1998
Karl K. Kindig	46	President and Chief Executive Officer of Pittston Coal Company	1995
Peter A. Michel	55	President and Chief Executive Officer of Brink's Home Security, Inc.	1988

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

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

Mr. Rogliano was elected to his present position on September 12, 1997. On March 8, 1996 he was elected as Senior Vice President. 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 BAX Global Inc. and from June 1989 through April 1995 he served as General Counsel to Brink's, Incorporated.

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.

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

Mr. 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
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
1997			
Pittston Brink's Group			
1st Quarter	$ 29.75	25.25	$ .025
2nd Quarter	32.88	25.38	.025
3rd Quarter	41.94	29.63	.025
4th Quarter	42.13	33.44	.025
Pittston Burlington Group			
1st Quarter	$ 21.13	18.50	$ .06
2nd Quarter	29.00	20.50	.06
3rd Quarter	30.81	23.25	.06
4th Quarter	31.00	24.31	.06
Pittston Minerals Group			
1st Quarter	$ 16.88	12.88	$.1625
2nd Quarter	14.63	11.00	.1625
3rd Quarter	12.25	10.06	.1625
4th Quarter	11.38	6.63	.1625

(a) 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, as described in the Company's Proxy Statement dated December 15, 1995, resulting in the modification, effective January 19, 1996, of the capital structure of the Company to include an additional class of common stock (Brink's Stock Proposal) 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 1996 and 1997, Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston Burlington Group Common Stock ("Burlington Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") traded on the New York Stock Exchange under the ticker symbols "PZB", "PZX" and "PZM", respectively.

As of March 2, 1998, there were approximately 5,000 shareholders of record of Brink's Stock, approximately 4,500 shareholders of record of Burlington Stock and approximately 4,050 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)	1997	1996	1995	1994	1993
Sales and Income:					
Net sales and operating revenues	$ 3,394,398	3,091,195	2,914,441	2,667,275	2,256,121
Net income (a)	110,198	104,154	97,972	26,897	14,146
Financial Position:					
Net property, plant and equipment	$ 647,642	540,851	486,168	445,834	369,821
Total assets	1,995,944	832,603	1,807,372	1,737,778	1,361,501
Long-term debt, less current maturities	191,812	158,837	133,283	138,071	58,388
Shareholders' equity	685,618	606,707	521,979	447,815	353,512
Average Common Shares Outstanding (b), (c):					
Pittston Brink's Group basic	38,273	38,200	37,931	37,784	36,907
Pittston Brink's Group diluted	38,791	38,682	38,367	38,192	37,115
Pittston Burlington Group basic	19,448	19,223	18,966	18,892	18,454
Pittston Burlington Group diluted	19,993	19,681	19,596	19,436	18,763
Pittston Minerals Group basic	8,076	7,897	7,786	7,594	7,381
Pittston Minerals Group diluted	8,102	9,884	10,001	7,594	7,381
Common Shares Outstanding (b):					
Pittston Brink's Group	41,130	41,296	41,574	41,595	41,429
Pittston Burlington Group	20,378	20,711	20,787	20,798	20,715
Pittston Minerals Group	8,406	8,406	8,406	8,390	8,281
Per Pittston Brink's Group Common Share (b), (c):					
Basic net income (a)	$ 1.92	1.56	1.35	1.10	.86
Diluted net income (a)	1.90	1.54	1.33	1.09	.85
Cash dividends	.10	.10	.09	.09	.09
Book value (e)	9.91	8.21	6.81	5.70	4.66
Per Pittston Burlington Group Common Share (b), (c):					
Basic net income	$ 1.66	1.76	1.73	2.03	.84
Diluted net income	1.62	1.72	1.68	1.97	.82
Cash dividends	.24	.24	.22	.22	.21
Book value (e)	16.59	15.70	14.30	12.74	10.81
Per Pittston Minerals Group Common Share (b), (c):					
Basic net income (loss) (d)	$ 0.09	1.14	1.45	(7.50)	(4.47)
Diluted net income (loss) (d)	0.09	1.08	1.40	(7.50)	(4.47)
Cash dividends	.65	.65	.65	.65	.6204
Book value (e)	(8.94)	(8.38)	(9.46)	(10.74)	(3.31)

(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 cumulative effect of accounting changes and net income of the Company and the Brink's Group by $3,213, or $.08 per basic and diluted share of Brink's Stock in 1997, $2,723 in 1996, $2,720 in 1995, $2,486 in 1994 and $2,435 in 1993. The net income per basic and diluted share impact for 1993 through 1996 was $.07.

(b) All share and per share data presented reflects the completion of the Brink's Stock Proposal 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 2,734 shares, 3,141 shares, 3,553 shares, 3,779 and 3,854 shares at December 31, 1997, 1996, 1995, 1994 and 1993, respectively. For the Pittston Burlington Group (the "Burlington Group"), such shares totaled 868 shares, 1,280 shares, 1,777 shares, 1,890 shares and 1,927 shares at December 31, 1997, 1996, 1995 , 1994 and 1993, respectively. For the Pittston Minerals Group (the "Minerals Group"), such shares totaled 232 shares, 424 shares, 594 shares, 723 shares and 770 shares at December 31, 1997, 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 net income per share amounts prior to 1997 have been restated, as required, to comply with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." For further discussion of net income per share and the impact of SFAS No. 128 see Notes to the Consolidated Financial Statements (Item 8).

(d) For the years ended December 31, 1994 and 1993, diluted net income per share is considered to be the same as basic since the effect of common stock equivalents and the assumed conversion of preferred stock was antidilutive. For the year ended December 31, 1997, the assumed conversion of preferred stock was antidilutive.

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

Pittston Brink's Group
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)	1997	1996	1995	1994	1993
Sales and Income:					
Operating revenues	$1,101,434	909,813	788,395	656,993	570,953
Net income (a)	73,622	59,695	51,093	41,489	31,650
Financial Position:					
Net property, plant and equipment	$ 346,672	256,759	214,653	180,930	156,976
Total assets	692,330	551,665	484,726	426,887	377,923
Long-term debt, less current maturities	38,682	5,542	5,795	7,990	12,649
Shareholder's equity	380,480	313,378	258,805	215,531	175,219
Average Pittston Brink's Group Common Shares Outstanding (b), (c):					
Basic	38,273	38,200	37,931	37,784	36,907
Diluted	38,791	38,682	38,367	38,192	37,115
Pittston Brink's Group Common Shares Outstanding (b)	41,130	41,296	41,574	41,595	41,429
Per Pittston Brink's Group Common Share (b), (c):					
Net income (a):					
Basic	$ 1.92	1.56	1.35	1.10	.86
Diluted	1.90	1.54	1.33	1.09	.85
Cash dividends	.10	.10	.09	.09	.09
Book value (d)	9.91	8.21	6.81	5.70	4.66

(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 cumulative effect of accounting changes and net income of the Brink's Group by $3,213 or $.08 per basic and diluted share in 1997, $2,723 in 1996, $2,720 in 1995, $2,486 in 1994 and $2,435 in 1993. The net income per basic and diluted share impact for 1993 through 1996 was $.07.

(b) All share and per share data presented reflects the completion of the Brink's Stock Proposal which occurred on January 18, 1996. For periods prior to the completion of the Brink's Stock Proposal, the number of shares of Brink's Stock are assumed to be the same as the total 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 of 2,734 shares, 3,141 shares, 3,553 shares, 3,779 and 3,854 shares at December 31, 1997, 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) The net income per share amounts prior to 1997 have been restated, as required, to comply with SFAS No. 128. For further discussion of net income per share and the impact of SFAS No. 128, see the Notes to Consolidated Financial Statements (Item 8).

(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 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)	1997	1996	1995	1994	1993
Sales and Income:					
Operating revenues	$1,662,338	1,484,869	1,403,195	1,215,284	998,079
Net income	32,348	33,801	32,855	38,356	15,476
Financial Position:					
Net property, plant and equipment	$ 128,632	113,283	72,171	44,442	31,100
Total assets	701,443	635,398	572,077	521,516	432,236
Long-term debt, less current maturities	37,016	28,723	26,697	41,906	45,460
Shareholder's equity	323,710	304,989	271,853	240,880	203,150
Average Pittston Burlington Group Common Shares Outstanding (a), (b):					
Basic	19,448	19,223	18,966	18,892	18,454
Diluted	19,993	19,681	19,596	19,436	18,763
Pittston Burlington Group Common Shares Outstanding (a)	20,378	20,711	20,787	20,798	20,715
Per Pittston Burlington Group Common Share (a), (b):					
Net income:					
Basic	$ 1.66	1.76	1.73	2.03	.84
Diluted	1.62	1.72	1.68	1.97	.82
Cash dividends	.24	.24	.22	.22	.21
Book value (c)	16.59	15.70	14.30	12.74	10.81

(a) All share and per share data presented reflects the completion of the Brink's Stock Proposal which occurred on January 18, 1996. For periods prior to the completion of the Brink's Stock Proposal, the number of shares of Burlington Stock are assumed to be equal to 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 of 868 shares, 1,280 shares, 1,777 shares , 1,890 shares and 1,927 shares at December 31, 1997, 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 dividends paid on the Burlington and Brink's Stocks.

(b) The net income per share amounts prior to 1997 have been restated, as required, to comply with SFAS No. 128. For further discussion of net income per share and the impact of SFAS No. 128, see the Notes to Consolidated Financial Statements (Item 8).

(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 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)	1997	1996	1995	1994	1993
Sales and Income (Loss):					
Net sales	$630,626	696,513	722,851	794,998	687,089
Net income (loss)	4,228	10,658	14,024	(52,948)	(32,980)
Financial Position:					
Net property, plant and equipment	$172,338	170,809	199,344	220,462	181,745
Total assets	654,182	706,981	798,609	867,512	606,247
Long-term debt, less current maturities	116,114	124,572	100,791	88,175	279
Shareholder's equity	(18,572)	(11,660)	(8,679)	(8,596)	(24,857)
Average Pittston Minerals Group Common Shares Outstanding (a), (d):					
Basic	8,076	7,897	7,786	7,594	7,381
Diluted	8,102	9,884	10,001	7,594	7,381
Pittston Minerals Group Common Shares Outstanding (a)	8,406	8,406	8,406	8,390	8,281
Per Pittston Minerals Group Common Share (a), (d):					
Net income (loss) (b):					
Basic	$ 0.09	1.14	1.45	(7.50)	(4.47)
Diluted	0.09	1.08	1.40	(7.50)	(4.47)
Cash dividends	.65	.65	.65	.65	.6204
Book value (c)	(8.94)	(8.38)	(9.46)	(10.74)	(3.31)

(a) Shares outstanding at the end of the period include shares outstanding under the Company's Employee Benefits Trust of 232 shares, 424 shares, 594 shares, 723 shares and 770 shares at December 31, 1997, 1996, 1995 ,1994 and 1993, respectively. Average shares outstanding do not include these shares.

(b) For the years ended December 31, 1994 and 1993, diluted net income per share is considered to be the same as basic since the effect of common stock equivalents and the assumed conversion of preferred stock was antidilutive. For the year ended December 31, 1997, the assumed conversion of preferred stock was antidulitive.

(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.

(d) The net income per share amounts prior to 1997 have been restated, as required, to comply with SFAS No. 128. For further discussion of net income per share and the impact of SFAS No. 128, see the Notes to Consolidated Financial Statements (Item 8).

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

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

The Pittston Company and Subsidiaries

RESULTS OF OPERATIONS

	Years Ended December 31		
(In thousands)	1997	1996	1995
Net sales and operating revenues:			
Brink's	$ 921,851	754,011	659,459
BHS	179,583	155,802	128,936
BAX Global	1,662,338	1,484,869	1,403,195
Coal Operations	612,907	677,393	706,251
Mineral Ventures	17,719	19,120	16,600
Net sales and operating revenues	$ 3,394,398	3,091,195	2,914,441
Operating profit (loss):			
Brink's	$ 81,591	56,823	42,738
BHS	52,844	44,872	39,506
BAX Global	63,264	64,604	58,723
Coal Operations	12,217	20,034	23,131
Mineral Ventures	(2,070)	1,619	207
Segment operating profit	207,846	187,952	164,305
General corporate expense	(19,718)	(21,445)	(16,806)
Operating profit	$ 188,128	166,507	147,499

The Pittston Company (the "Company") reported net income of $110.2 million in 1997 compared with net income of $104.2 million in 1996. Operating profit totaled $188.1 million in 1997, an increase of $21.6 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 a new accounting standard regarding the impairment of long-lived assets ($29.9 million or $19.5 million after-tax) and the reversal of excess restructuring liabilities ($11.7 million or $7.6 million after-tax). Net income in 1997 benefited from increased operating profits at the Company's Brink's Home Security, Inc. ("BHS") and Brink's, Incorporated ("Brink's") businesses. These increases were partially offset by lower operating profits at the Company's BAX Global Inc. ("BAX Global"), Coal Operations and Pittston Mineral Ventures ("Mineral Ventures") businesses. Operating results in 1997 for Coal Operations benefited from a $3.1 million or $2.0 million after-tax reversal of excess restructuring liabilities.

Net income for the Company for 1996 was $104.2 million compared with $98.0 million for 1995. Operating profit totaled $166.5 million for 1996, compared with $147.5 million for 1995. Net income and operating profits for 1996 benefited from increased earnings at Brink's, BHS, BAX Global, and Mineral Ventures, partially offset by lower results at Coal Operations. Coal Operations 1996 operating profit and net income was also impacted by the aforementioned three significant items.

Brink's

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

	Years Ended December 31		
(In thousands)	1997	1996	1995
Operating revenues:			
North America (United States and Canada)	$482,182	418,941	379,230
Europe	146,464	128,848	124,151
Latin America	266,445	182,481	137,558
Asia/Pacific	26,760	23,741	18,520
Total operating revenues	$921,851	754,011	659,459
Operating expenses	725,693	605,851	533,109
Selling, general and administrative	116,378	93,770	84,507
Total costs and expenses	842,071	699,621	617,616
Other operating income, net	1,811	2,433	895
Operating profit:			
North America (United States and Canada)	$40,612	34,387	29,159
Europe	10,039	4,734	5,491
Latin America	28,711	15,243	6,246
Asia/Pacific	2,229	2,459	1,842

Total operating profit	$81,591	56,823	42,738
Depreciation and amortization	$30,758	24,293	21,844
Cash capital expenditures	$45,234	32,149	22,415

Brink's worldwide consolidated revenues totaled $921.9 million in 1997 compared to $754.0 million in 1996, a 22% increase. Brink's 1997 operating profit of $81.6 million represented a 44% increase over the $56.8 million of operating profit reported in 1996. Total costs and expenses in 1997 increased by $142.5 million (20%).

Revenues from North American operations increased $63.3 million (15%), to $482.2 million in 1997 from $418.9 million in 1996. North American operating profit increased $6.2 million (18%) to $40.6 million in the current year from $34.4 million in 1996. The revenue and operating profit improvement for 1997 primarily resulted from improved armored car operations, which includes ATM services, and from improved money processing operations.

Revenues and operating profit from European operations in 1997 amounted to $146.5 million and $10.0 million, respectively. These amounts represented increases of $17.6 million (14%) and $5.3 million (112%) from 1996. The improvement in revenues and operating profit in 1997 was due to stronger results in most European countries, partially offset by lower results from the 38% owned affiliate in France. In January 1998, Brink's purchased nearly all the remaining shares of this affiliate for payments over three years aggregating approximately U.S. $39 million. The initial payment made at closing of U.S. $8.8 million was funded through the revolving credit portion of the Company's credit agreement with a syndicate of banks.

In Latin America, revenues and operating profit increased 46% to $266.4 million and 88% to $28.7 million, respectively, from 1996 to 1997. These increases were primarily due to the consolidation of the results of Brink's Venezuelan subsidiary, Custodia y Traslado de Valores, C.A. ("Custravalca"), where Brink's increased its ownership from 15% to 61% in January 1997. However, non-operating expenses, including net interest and minority interest expense net of foreign translation gains associated with the acquisition, offset more than half of the operating profit generated by Custravalca.

Revenues and operating profits from Asia/Pacific operations in 1997 were $26.8 million and $2.2 million, respectively, compared to $23.7 million and $2.5 million, respectively, in 1996.

Brink's 1996 consolidated operating profit of $56.8 million amounted to a $14.1 million (33%) increase over the $42.7 million operating profit recorded in 1995. Revenues increased by $94.6 million to $754.0 million, 14% higher than the 1995 level. Total costs and expenses in 1996 increased by $82.0 million (13%).

Revenues from North American operations totaled $418.9 million in 1996, $39.7 million (10%) higher than the 1995 level. North American operating profit amounted to $34.4 million, an increase of $5.2 million (18%) compared to the $29.2 million recorded in 1995. The favorable change in operating profit was largely attributable to improved results generated by the armored car business, which includes ATM services, as well as higher earnings from money processing operations.

Revenues and operating profits from European operations were $128.8 million and $4.7 million, respectively, in 1996. These amounts represented an increase of $4.7 million (4%) and a decrease of $0.8 million (14%) from 1995. The decrease in operating profits in 1996 was due to poor results in a few countries, including Brink's then 38% owned affiliate in France.

In Latin America, revenues and operating profit increased $44.9 million (33%) to $182.5 million and $9.0 million (144%) to $15.2 million, respectively, during 1996. These increases principally reflect the consolidation of Colombian operations as a result of Brink's acquiring a majority ownership of that company in the third quarter of 1995.

Revenues and operating profits from Asia/Pacific operations in 1996 were $23.7 million and $2.5 million, respectively, compared to $18.5 million and $1.8 million, respectively, in 1995.

BHS

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

	Years Ended December 31		
(Dollars in thousands)	1997	1996	1995
Operating revenues	$179,583	155,802	128,936
Operating expenses	89,312	81,324	66,575
Selling, general and administrative	37,427	29,606	22,855
Total costs and expenses	126,739	110,930	89,430
Operating profit	$ 52,844	44,872	39,506
Depreciation and amortization	$ 30,344	30,115	22,408
Cash capital expenditures	$ 70,927	61,522	47,256
Annualized recurring revenues (a)	$154,718	128,106	107,707
Number of subscribers:			
Beginning of period	446,505	378,659	318,029
Installations	105,630	98,541	82,643
Disconnects, net (b)	(40,603)	(30,695)	(22,013)
End of period	511,532	446,505	378,659

(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.

(b) Includes 4,281 of special limited service contracts for a large homeowners' association that were discontinued as of December 31, 1997.

Revenues for BHS increased by $23.8 million (15%) to $179.6 million in 1997 from $155.8 million in 1996. The increase in revenues was predominantly the result of higher ongoing monitoring and service revenues caused by a 15% growth of the subscriber base for the year, combined with higher average monitoring fees. As a result of such growth, annualized recurring revenues at the end of 1997 grew 21% over the amount in effect at the end of 1996. The increase in monitoring and service revenues was offset, in part, by a slight decrease in total installation revenue. While the number of new security system installations has increased in 1997, the revenue per installation has decreased due to continuing aggressive installation pricing and marketing by competitors.

Operating profit of $52.8 million in 1997 represents an increase of $7.9 million (18%) compared to the $44.9 million earned in 1996. Included in this increase is a $8.9 million reduction in depreciation expense resulting from a change in estimate (discussed below). Operating profit was favorably impacted by the monitoring and servicing revenue increases mentioned above, partially offset by increased account servicing and administrative expenses which were a consequence of the larger subscriber base. In addition, operating profit was negatively impacted by a $6.7 million increase in net installation and marketing costs incurred and expensed. While these costs to obtain subscribers increased during 1997, the cash margins per subscriber generated from recurring revenues showed improvement from those of 1996.

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 primarily from ongoing monitoring and recurring revenues caused by the 18% growth in the subscriber base. 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 grew 15% over the 1995 amount due to the increased volume of installations partially offset by a reduction in revenue per installation. Revenue per installation decreased due to the competitive connection fee pricing in the marketplace.

Operating profit of $44.9 million for 1996 represented 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 were also a consequence of the larger subscriber base. In addition, installation and marketing costs incurred and expensed during the year increased by $1.0 million from the prior year. Cash margins per subscriber generated from recurring revenues remained consistent between 1995 and 1996.

It is BHS' policy to depreciate capitalized subscriber installation expenditures over the estimated life of the security system based on subscriber retention percentages. BHS initially developed its annual depreciation rate based on information about subscriber retention which was available at the time. However, accumulated historical data about actual subscriber retention has indicated that approximately 50% of subscribers are still active after a period of ten years. Therefore, in order to reflect the higher demonstrated retention of subscribers, and to more accurately match depreciation expense with monthly recurring revenue generated from active subscribers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscriber installation costs. BHS will continue its practice of charging the remaining net book value of all capitalized subscriber installation expenditures to depreciation expense as soon as a system is identified for disconnection. This change in estimate reduced depreciation expense for capitalized installation costs in 1997 by $8.9 million.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs included as capitalized installation costs, which added $4.9 million to operating profit in 1997 and $4.5 million in both 1996 and 1995. 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 $ 2.6 million in 1997, $2.5 million in 1996 and $2.7 million in 1995) and costs incurred in maintaining facilities and vehicles dedicated to the installation process (in the amount of $2.3 million in 1997, $2.0 million in 1996 and $1.8 million in 1995). 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, management believes the effect on net income in 1997, 1996, and 1995 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.

BAX Global Inc.

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

(Dollars in thousands - except per pound/shipment amounts)	Years Ended December 31 1997	1996	1995
Operating revenues:			
Intra-U.S.:			
Expedited freight services	$ 620,839	547,647	528,174
Other	7,579	6,906	6,917
Total Intra-U.S.	628,418	554,553	535,091
International:			
Expedited freight services	784,730	713,834	698,624
Customs clearances	124,145	120,438	103,509
Ocean and other	125,045	96,044	65,971
Total International	1,033,920	930,316	868,104
Total operating revenues	1,662,338	1,484,869	1,403,195
Operating expenses	1,455,336	1,301,974	1,234,095
Selling, general and administrative	146,245	119,821	113,210
Total costs and expenses	1,601,581	1,421,795	1,347,305
Other operating income, net	2,507	1,530	2,833
Operating profit:			
Intra-U.S.	36,858	36,143	30,416
International	38,906	28,461	28,307
Other(a)	(12,500)	--	--
Total operating profit	$ 63,264	64,604	58,723
Depreciation and amortization	$ 29,667	23,254	19,856
Cash capital expenditures	$ 30,955	59,238	32,288
Expedited freight services shipment growth rate (b)	12.0%	1.3%	6.2%
Expedited freight services weight growth rate (b):			
Intra-U.S.	8.7%	3.3%	(3.8%)
International	9.0%	2.5%	29.1%
Worldwide	8.9%	2.9%	11.3%
Expedited freight services weight (million pounds)	1,556.6	1,430.0	1,390.2
Expedited freight services shipments (thousands)	5,798	5,179	5,112
Expedited freight services average:			
Yield (revenue per pound)	$ 0.903	0.882	0.882
Revenue per shipment	$ 242	244	240
Weight per shipment (pounds)	268	276	272

(a) Consulting expenses related to the redesign of BAX Global's business processes and information systems architecture of which $4.75 million and $7.75 million were attributed to Intra-U.S. and International operations, respectively. These expenses are included in selling, general and administrative expenses.

(b) Compared to the same period in the prior year.

BAX Global's operating profit, including the $12.5 million charge, amounted to $63.3 million in 1997, a decrease of $1.3 million (2%) from the level achieved in 1996. Worldwide revenues increased by 12% to $1.7 billion from $1.5 billion in 1996. The $177.5 million growth in revenues reflects a 9% increase in worldwide expedited freight services pounds shipped, which reached 1,556.6 million pounds in 1997, combined with a 2% increase in yield on this volume. In addition, non-expedited freight services revenues increased $33.4 million (15%) during 1997 as compared to 1996. Worldwide expenses in 1997 which include the $12.5 million charge, amounted to $1.6 billion, $179.8 million (13%) higher than 1996.

In 1997, BAX Global's intra-U.S. revenues increased from $554.6 million to $628.4 million. This $73.8 million (13%) increase was primarily due to an increase of $73.2 million in intra-U.S. expedited freight services revenues. The higher level of expedited freight services revenue in 1997 resulted from a 9% increase in weight shipped coupled with a 4% increase in the average yield. The increase in average yield was the combination of higher average pricing (both overnight and second day freight). The higher average pricing was due, in large part, to the effects of the UPS Strike and to an intra-U.S. shipment surcharge which was initiated in September 1996 to offset various cost increases. In addition, the average revenue per shipment and the average weight per shipment decreased as a result of the UPS Strike since, the additional volume, on average, consisted of a large number of smaller shipments. Excluding the estimated effects of the UPS Strike, both of these averages increased over 1996.

Intra-U.S. operating profit during 1997, excluding any impact of the aforementioned $12.5 million charge, increased $0.7 million from the $36.1 million recorded in 1996. Intra-U.S. operating profit in 1996 benefited from the reduction in Federal excise tax liabilities while 1997 was favorably impacted by the UPS Strike. However, the estimated $2.6 million operating profit benefit from the UPS Strike was more than offset by higher transportation expenses associated with additional capacity designed to improve on-time customer service and to meet the rising demand in some of BAX Global's high growth markets.

International revenues in 1997 increased $103.6 million (11%) to $1,033.9 million from the $930.3 million recorded in 1996. International expedited freight services revenue increased $70.9 million (10%) due to a 9% increase in weight shipped combined with a 1% increase in the average yield. The increase in the average yield on international expedited freight is primarily due to the fuel surcharge implemented by BAX Global in March 1997 in reaction to a corresponding surcharge implemented by its third party transportation providers. International non-expedited freight services revenue increased $32.7 million (15%) in 1997 as compared to 1996. The higher revenues relate to increases in international logistics management services, primarily the result of the Cleton acquisition (discussed below), and the continued expansion of ocean freight services. International operating profit

in 1997, excluding any impact of the aforementioned $12.5 million charge, increased $10.4 million (37%) from the $28.5 million recorded in 1996. Operating profit during 1997 benefited from the increased revenues combined with improved margins on U.S. exports.

Operating results for the first quarter of 1998 are expected to be below those of the comparable 1997 quarter. While volume to date in the 1998 quarter has increased from that of the comparable 1997 period, transportation expenses are continuing at higher levels over those in the comparable 1997 period. These results for the first quarter are being impacted by a combination of factors including service disruptions resulting from weather delays, equipment problems, incremental information technology expenditures, including Year 2000 and a softened export market due, in part, to the financial situation in Asia.

BAX Global operating profit in 1996 amounted to $64.6 million, an increase of $5.9 million (10%) from the $58.7 million reported in 1995. Worldwide revenues in 1996 increased 6% to $1.5 billion from $1.4 billion in 1995. The $81.7 million growth in revenues principally reflects a 3% increase in worldwide expedited freight services pounds shipped, which reached 1,430.0 million pounds in 1996. In addition, non-expedited freight services revenues increased $47.0 million (27%) during 1996 as compared to 1995. Worldwide expenses in 1996 amounted to $1.4 billion, $74.5 million (6%) higher than 1995.

In 1996, BAX Global's intra-U.S. revenues increased from $535.1 million to $554.6 million. This $19.5 million (4%) increase was due to a corresponding increase of $19.5 million in intra-U.S. expedited freight services revenues. The higher level of expedited freight services revenue in 1996 primarily resulted from a 3% increase in weight shipped. The average yield on this volume remained essentially unchanged in 1996 as compared to 1995 due to lower average pricing and sales mix for BAX Global's overnight service, offset by the initiation of a surcharge in September 1996 on all domestic shipments. Intra-U.S. operating profit in 1996 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.

International revenues in 1996 increased $62.2 million (7%) to $930.3 million from the $868.1 million recorded in 1995. International expedited freight services revenues increased $15.2 million (2%) due to a 3% increase in weight shipped, offset partially by a slightly lower average yield. In addition, international non-expedited freight services revenue increased $47.0 million (28%) in 1996 as compared to 1995. The increase is primarily due to an increase in customs clearance and an expansion of ocean freight services. International operating profit in 1996 amounted to $28.5 million essentially unchanged from the $28.3 million recorded in 1995. Operating profit during 1996, primarily reflects improved operating margins on U.S. 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 BAX Global's worldwide network including quality improvements in global systems, facilities and acquisitions.

In June 1997, BAX Global completed its acquisition of Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands. BAX Global acquired Cleton for the equivalent of U.S. $10.7 million, and the initial assumption of the equivalent of U.S. $10.0 million of debt of which approximately U.S. $6.0 million was outstanding at December 31, 1997. Additional contingent payments ranging from the current equivalent of U.S. $0 to U.S. $18.0 million will be paid over the next three years based on certain performance criteria of Cleton.

In February 1998, BAX Global signed an agreement to acquire, subject to regulatory and judicial approvals and other conditions to closing, the privately held Air Transport International LLC ("ATI") for a purchase price approximating $25-28 million, subject to possible adjustments. ATI is a U.S.-based freight and passenger airline which operates a certificated fleet of DC-8 aircraft providing services to BAX Global and other customers. The ATI acquisition is part of BAX Global's strategy to improve the quality of its service offerings for its customers by increasing its control over flight operations. As a result of this agreement, BAX Global is suspending its efforts to start up its own certificated airline carrier operations.

During 1997, BAX Global began a BAX Process Innovation ("BPI") Program which was comprised of an extensive review of all aspects of the company's operations. Senior management from around the world, working with a major consulting firm, reviewed all areas of the business including sales, operations, finance, logistics and information technology. BPI detailed improvements in its worldwide business through development of information systems that are intended to enhance productivity and improve the company's competitive position.

In 1998, BAX Global initiated a commitment for BPI of approximately $50 million over the next six to nine months. As more details of this plan are being developed, BPI will be integrated with BAX Global's continuous improvement program. BAX Global now anticipates spending approximately $120 million (including the aforementioned $50 million) on information

technology systems during 1998 and 1999 which will include substantial improvements to its information systems, annual recurring capital costs and spending for Year 2000 compliance issues. These expenditures are expected to occur equally between the two years, with approximately one-third expected to be expensed as incurred while the remainder will be capitalized.

Coal Operations

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

(In thousands)	Years Ended December 31 1997	1996	1995
Net sales	$ 612,907	677,393	706,251
Cost of sales	594,688	693,505	683,621
Selling, general and administrative	19,457	24,261	22,415
Restructuring and other credits, including litigation accrual	(3,104)	(47,299)	--
Total costs and expenses	611,041	670,467	706,036
Other operating income, net	10,351	13,108	22,916
Operating profit	$ 12,217	20,034	23,131
Coal sales (tons):			
Metallurgical	7,655	8,124	8,607
Utility and industrial	12,813	14,847	15,789
Total coal sales	20,468	22,971	24,396
Production/purchased (tons):			
Deep	4,975	3,930	3,982
Surface	10,238	11,151	12,934
Contract	1,433	1,621	1,941
	16,646	16,702	18,857
Purchased	4,075	5,762	6,047
Total	20,721	22,464	24,904

Coal Operations generated an operating profit of $12.2 million in 1997, compared to $20.0 million reported in 1996 and $23.1 million reported in 1995. Operating results in 1997 included a benefit of $3.1 million from the reversal of excess restructuring liabilities. Operating results in 1996 included a benefit of $35.7 million from the settlement of the Evergreen case at an amount lower than previously accrued in 1993 and a benefit from excess restructuring liabilities of $11.7 million. These 1996 benefits were offset, in part, by a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets. The charge is included in cost of sales ($26.3 million) and selling, general and administrative expenses ($3.6 million). All three of these items are discussed in greater detail below. In addition, operating profit in 1996 was also impacted by a $3.0 million benefit from a litigation settlement offset 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, excluding restructuring credits, the effects of the Evergreen Settlement and the adoption of SFAS No. 121, is analyzed as follows:

(In thousands)	Years Ended December 31 1997	1996	1995
Net coal sales (a)	$604,140	670,121	702,864
Current production cost of coal sold (a)	558,658	634,754	648,383
Coal margin	45,482	35,367	54,481
Non-coal margin	2,465	2,177	749
Other operating income, net	10,351	13,108	22,916
Margin and other income	58,298	50,652	78,146
Other costs and expenses:			
Idle equipment and closed mines	2,309	1,044	9,980
Inactive employee cost	27,419	26,300	22,620
Selling, general and administrative	19,457	20,625	22,415
Total other costs and expenses	49,185	47,969	55,015
Operating profit (before restructuring and other credits) (b)	$ 9,113	2,683	23,131
Coal margin per ton:			
Realization	$ 29.52	29.17	28.81

Current production costs	27.29	27.63	26.58
Coal margin	$ 2.23	1.54	2.23

(a) Excludes non-coal components

(b) Restructuring and other credits in 1997 consist of a benefit from excess restructuring liabilities of $3,104. Restructuring and other credits 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, including litigation accrual".

Sales volume of 20.5 million tons in 1997 was 2.5 million tons less than the 23.0 million tons sold in 1996. Compared to 1996, steam coal sales in 1997 decreased by 2.0 million tons (14%), to 12.8 million tons and metallurgical coal sales declined by 0.5 million tons (6%), to 7.7 million tons. The steam sales reduction was due to the expiration of certain long-term contracts coupled with reduced spot sales. Steam coal sales represented 63% of total volume in 1997 and 65% in 1996.

For 1997, coal margin was $45.5 million, an increase of $10.1 million over 1996. Coal margin per ton increased to $2.23 per ton in 1997 from $1.54 per ton for 1996, due to a combination of a $0.35 per ton increase in realization and a $0.34 per ton decrease in the current production cost of coal sold. The increase in average realization per ton was due to an increase in steam realization as the majority of steam coal production is sold under long-term contracts containing price escalation provisions. This increase was partially offset by a decrease in the metallurgical coal realization due to lower average price settlements with metallurgical customers for the contract year which began on April 1, 1997. Expectations are that 1998 realizations on metallurgical coal sales will not significantly vary from 1997 levels.

The current production cost of coal sold for 1997 was $27.29 per ton as compared with $27.63 per ton for 1996. Production costs in 1997 were favorably impacted by lower surface mine costs per ton partially offset by higher per ton deep mine costs. In addition, 1997 production costs benefited from decreases in employee benefit and reclamation liabilities. Production for 1997 totaled 16.6 million tons, consistent with 1996 production of 16.7 million tons. Surface production accounted for 63% and 68% of the total volume in 1997 and 1996, respectively. Productivity of 37.6 tons per man day in 1997 was equal to that of 1996.

Non-coal margin was $2.5 million for 1997, an increase of $0.3 million, which largely reflects the impact of changes in natural gas prices over 1996. Other operating income was $10.4 million for 1997, a decrease of $2.8 million from 1996. Included in 1996 was a one-time benefit of $3.0 million from a litigation settlement.

Idle equipment and closed mine costs increased by $1.3 million in 1997 versus 1996. Inactive employee costs, which primarily represent long-term employee liabilities for pension and retiree medical costs were higher in 1997 as compared to 1996, increasing by $1.1 million. Selling, general and administrative expenses declined by $1.2 million (6%) in 1997 as compared to 1996 as a result of Coal Operations cost control efforts.

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.

The increase in the current production cost per ton of coal sold for 1996 was 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, reclamation and environmental liabilities. 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 68% and 70% of the total production volume in 1996 and 1995, respectively. Productivity of 37.6 tons per man day represented a slight increase from 1995.

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 $13.1 million in 1996, $9.8 million less than 1995. The higher level of income recorded in 1995 reflected 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 $3.7 million to $26.3 million in 1996. The unfavorable variance was 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 $1.8 million (8%) in 1996 over the 1995 year.

At December 31, 1997, Coal Operations had a liability of $30.8 million for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Coal Operations will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted, at December 31, 1997, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions and favorable workers' compensation claim developments, Coal Operations reversed $3.1 million and $11.7 million of the reserve in 1997 and 1996, respectively. The 1996 reversal included $4.8 million related to estimated mine and plant closures, primarily reclamation, and $6.9 million in employee severance and other benefit costs. The entire 1997 reversal related to workers' compensation claim reserves.

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

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1994	$3,787	38,256	43,372	85,415
Payments (a)	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 (b)	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
Reversals			3,104	3,104
Payments (d)	376	1,764	2,010	4,150
Other		468	(468)	--
Balance December 31, 1997	$ --	11,143	19,703	30,846

(a) 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.

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

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

(d) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $4 to $6 million. The liability for mine and plant closure costs is expected to be satisfied over the next nine years, of which approximately 40% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to nine 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 1997, 1996 and 1995, these amounts, on a pretax basis, were approximately $9.3 million, $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 $9 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, 1997 at approximately $200 million, which when discounted at 7.5% 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 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Minerals Group recognized in 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 and third payments were paid according to schedule, and were 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 1996 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. No such charge was incurred in 1997.

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 1997	1996	1995
Stawell Gold Mine			
Gold sales	$17,714	19,071	16,449
Other revenue	5	49	151
Net sales	17,719	19,120	16,600
Cost of sales(a)	14,242	13,898	12,554
Selling, general and administrative(a)	1,242	1,124	1,025
Total costs and expenses	15,484	15,022	13,579
Operating profit-Stawell Gold Mine	2,235	4,098	3,021
Other operating expense, net	(4,305)	(2,479)	(2,814)
Operating (loss) profit	$(2,070)	1,619	207
Stawell Gold Mine:			
Mineral Ventures' 50% direct share:			
Ounces sold	42,024	45,957	40,302
Ounces produced	42,301	45,443	40,606
Average per ounce sold (US$):			
Realization(b)	$ 422	415	408
Cash cost	302	287	297

(a) Excludes $93 and $3,543 of non-Stawell related cost of sales and selling, general and administrative expenses, respectively, for 1997. Excludes $94 and $2,691 of non-Stawell related cost of sales and selling, general and administrative expenses, respectively, for 1996. Excludes $120 and $2,545 of non-Stawell related cost of sales and selling, general and administrative expenses, respectively, for 1995. Such costs are reclassified to cost of sales and selling, general and administrative expenses in the Minerals Group statement of operations.

(b) 1997 includes proceeds from the liquidation of a gold forward sale hedge position in July 1997. The proceeds from this liquidation were fully recognized by December 31, 1997.

Mineral Ventures, which primarily consists of a 50% direct and a 17% indirect interest in the Stawell gold mine ("Stawell") in western Victoria, Australia, generated an operating loss of $2.1 million in 1997 as compared to an operating profit of $1.6 million in 1996. Mineral Ventures' 50% direct interest in Stawell's operations generated net sales of $17.7 million in 1997 compared to

$19.1 million in 1996 as the ounces of gold sold decreased 9% from 46.0 thousand ounces to 42.0 thousand

ounces. The operating profit at Stawell of $2.2 million was $1.9 million lower than the operating profit of $4.1 million in 1996, reflecting a $15 per ounce increase (5%) in the cash cost of gold sold offset by a $7 per ounce increase (2%) in average realization. Stawell's operating costs in 1997 were negatively impacted by the collapse during construction of a new ventilation shaft that resulted in a write-off of $1.0 million, approximately $0.75 million, of which, is attributed to Mineral Ventures' 50% direct interest in Stawell with the remainder attributed to Mineral Ventures' 17% indirect interest in Stawell. Stawell's results were also negatively impacted by unfavorable ground conditions through the first half of 1997, and lower production and higher costs during the year resulting from the collapse of the aforementioned ventilation shaft.

Mineral Ventures generated an operating profit of $1.6 million in 1996 as compared to the $0.2 million reported in 1995. Mineral Ventures' 50% direct interest in Stawell's operations generated $19.1 million in gold sales in 1996 as compared with $16.4 million in 1995 as the ounces of gold sold increased 14% from 40.3 thousand ounces to 46.0 thousand ounces. The operating profit at Stawell increased from $3.0 million in 1995 to $4.1 million in 1996 reflecting a combination of a $7 per ounce increase in realization and a $10 per ounce decrease in the cash cost per ounce of gold sold. Operating costs in 1996 were lower than 1995, where operating costs were impacted by adverse geological conditions at the mine.

In July 1997, in reaction to the continued decline in the market price of gold, Mineral Ventures closed a gold forward sale hedge position relating to 16,397 ounces and realized proceeds of $2.6 million. These proceeds, which equate to approximately $160 per ounce were recognized for accounting purposes as ounces of gold were sold in the market. The full amount of these proceeds was recognized by December 31, 1997. As of December 31, 1997, approximately 19% of Mineral Ventures' proven and probable reserves had been sold forward under forward sales contracts that mature periodically through mid-1999. These contracts should result in an average realization of between $325 and $330 per ounce of gold sold through the end of 1998. At that time, realization will be dependent on the spot market or new contract hedge positions.

At December 31, 1997, remaining proven and probable gold reserves at the Stawell mine were estimated at 438,000 ounces. The joint venture also has exploration rights in the highly prospective district around the mine.

Other operating expense, net, includes equity earnings from joint ventures, primarily consisting of Mineral Ventures' 17% indirect interest in Stawell's operations and gold exploration costs for all operations excluding Stawell. Other operating expenses increased by $1.8 million and decreased by $0.3 million in 1997 and 1996, respectively, primarily due to joint venture losses. In addition, gold exploration costs increased from 1996 and are being incurred by Mineral Ventures in Nevada and Australia with its joint venture partners.

In addition to its interest in Stawell, Mineral Ventures has 17% indirect interest in the Silver Swan base metals property in Western Australia. The initial mining and commissioning of nickel at Silver Swan has proceeded according to plan and, after some customer delays, production and shipping schedules are also on plan.

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 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, 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 Venezuela and affiliates in Mexico operate in such highly inflationary economies. Prior to January 1, 1998, the economy in Brazil, in which the Company has subsidiaries, was considered highly inflationary.

The Company is also 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 1997, general corporate expenses totaled $19.7 million compared with $21.4 million and $16.8 million in 1996 and 1995, respectively. Corporate expenses in 1996 reflect the costs associated with the relocation of the Company's corporate headquarters to Richmond, Virginia, which approximated $2.9 million.

Corporate expenses for the first quarter of 1998 will reflect approximately $6 million related to payments or accruals being made pursuant to the retirement agreement between the Company and Joseph C. Farrell, former Chairman, President and Chief Executive Officer of the Company.

Other Operating Income, Net

Other net operating income for 1997 decreased $3.4 million to $14.0 million and decreased $9.1 million in 1996 from the $26.5 million recorded in 1995. Other net 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 net operating income in 1997 was primarily due to a $3.0 million one-time benefit related to a Coal Operations litigation settlement in 1996. The decrease in 1996 over 1995 was primarily due to decreases in sales of Coal assets which generated $11.9 million of gains in 1995. Equity earnings of foreign affiliates included in other net operating income totaled $0.5 million, $2.1 million and $0.2 million in 1997, 1996 and 1995, respectively.

Interest Expense

Interest expense totaled $27.1 million in 1997 compared with $14.1 million in 1996 and $14.3 million in 1995. The increase is predominantly due to higher average borrowings resulting from acquisitions by both Brink's and BAX Global to expand their operations. 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.

Other Expense, Net

Other net expense for 1997 decreased $2.1 million to $7.1 million from $9.2 million in 1996 and increased by $2.9 million in 1996 from $6.3 million in 1995. The higher level of other net operating expense in 1996 was due primarily to an increase in minority interest expense for Brink's consolidated affiliates, offset in part by lower foreign translation losses.

Income Taxes

In 1997, 1996 and 1995, 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.

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, 1997.

FINANCIAL CONDITION

Cash Flow Requirements

Cash provided by operating activities during 1997 totaled $268.1 million compared with $196.7 million in 1996. 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 No. 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 and third Evergreen Case settlement payments of $7.0 million and $8.5 million were paid from operating cash in 1996 and 1997, respectively. During 1997, cash flow from operating activities was favorably impacted by higher levels of net income and non-cash charges combined with lower funding requirements for operating assets and liabilities. Net cash provided by operating activities did not fully fund investing activities (primarily capital expenditures, acquisitions and aircraft heavy maintenance) and share activities, resulting in a net increase in debt of $42.0 million and an increase in cash and cash equivalents of $28.7 million as of December 31, 1997.

Capital Expenditures

Cash capital expenditures for 1997 totaled $173.8 million, and an additional $4.9 million in expenditures were funded by capital leases. Of the amount of cash capital expenditures, $70.9 million (41%) was spent by BHS, $31.0 million (18%) was spent by BAX Global, $45.2 million (26%) was spent by Brink's, $22.4 million (13%) was spent by Coal Operations and $3.9 million (2%) was spent by Mineral Ventures. Expenditures incurred by BHS in 1997 were primarily for customer installations, reflecting the expansion of the subscriber base. Capital expenditures made by Brink's, BAX Global, Mineral Ventures and Coal Operations in 1997 were primarily for replacement and maintenance of current ongoing business operations. In addition, a portion of BAX Global's capital expenditures related to the development of new information systems.

Cash capital expenditures totaled $180.7 million in 1996. An additional $3.9 million of expenditures were made through capital leases. Of the amount of cash capital expenditures, $61.5 million (34%) was spent by BHS, $59.2 million (33%) was spent by BAX Global, $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, corporate expenditures totaled $6.0 million (3%) primarily as a result of the purchase of the new corporate headquarters. Capital expenditures for BAX Global in 1996 included the purchase of three aircraft and the acquisition of new support facilities.

Cash capital expenditures in 1998 are currently expected to approximate $221 million, excluding any potential expenditures related to the BPI Program and BAX Global's information technology systems. The 1998 estimated expenditures are approximately $58 million higher than the 1997 level of expenditures. The increase is expected to result largely from expenditures at BAX Global in the support of new facilities, expenditures at BHS resulting from continued expansion of the subscriber base, and at Brink's for expansion of North America and international operations. The Company's Burlington Group anticipates spending $24.0 million on aircraft heavy maintenance in 1998.

Financing

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

Total debt outstanding at December 31, 1997 was $243.3 million, an increase of $47.3 million from the $196.0 million outstanding at December 31, 1996. The net increase in debt primarily relates to acquisitions by Brink's and BAX Global during the year.

The Company has a $350.0 million credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and also permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. The maturity date of both the term loan and revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31, 1997 and 1996, borrowings of $100.0 million were outstanding under the term loan portion of the Facility and $25.9 million and $23.2 million, respectively, of additional borrowings were outstanding under the remainder of the Facility.

In connection with its acquisition of Custravalca, the Company entered into a borrowing arrangement with a syndicate of local Venezuelan banks. The borrowings consisted of a long-term loan denominated in the local currency equivalent to U.S. $40.0 million and a $10.0 million short-term loan denominated in U.S. dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. As of December 31, 1997, total borrowings under this arrangement were equivalent to U.S. $35.9 million.

In July 1997, the Company repaid the $14.3 million 4% subordinated debentures which were outstanding at December 31, 1996. Borrowings under the Facility were used to make this payment.

Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $610 million at December 31, 1997.

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, from time to time, with a duration of up to two years as a hedge against liabilities denominated in various currencies. These contracts minimize the Company's exposure to exchange rate movements related to cash requirements of foreign operations denominated in various currencies. At December 31, 1997, the total notional value of foreign currency forward contracts outstanding was $21.8 million. As of such date, the fair value of foreign currency forward contracts approximated notional value.

Gold contracts In order to protect itself against downward movements in gold prices, the Company hedges a portion of its share of gold sales from the Stawell gold mine primarily through forward sales contracts. At December 31, 1997, 41,500 ounces of gold, representing approximately 19% of the Company's share of Stawell's proven and probable reserves, were sold forward under forward sales contracts that mature periodically through mid-1999. Because only a portion of its future production is currently sold forward, the Company can take advantage of increases and is exposed to decreases in the spot price of gold. At December 31, 1997, the fair value of the Company's forward sales contracts was not significant.

Fuel contracts The Company has hedged a portion of its jet fuel and diesel fuel requirements through several commodity option transactions that are intended to protect against significant increases in jet fuel and diesel fuel prices. At December 31, 1997, these transactions aggregated 33.3 million gallons for jet fuel and 8.7 million gallons for diesel fuel and mature periodically throughout 1998. 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, 1997, the fair value of these contracts was not significant.

Interest rate contracts--In connection with the aircraft leasing by BAX Global, the Company has entered into an interest rate swap agreement. This variable to fixed interest rate swap agreement has a notional value of $30.0 million which fixes the Company's variable interest rate at 7.05% through January 2, 1998. At December 31, 1997, the fair value of the contract was not significant.

The Company has two interest rate swap agreements which effectively convert a portion of the interest on its $100 million variable rate term loan to fixed rates. During 1995, the Company entered into an agreement, maturing in July 1998, which fixes the Company's interest rate at 5.80% on $20.0 million in face amount of debt. During 1996, the Company entered into another variable to fixed interest rate swap agreement, maturing in February 1998, which fixes the Company's interest rate at 4.9% on an initial face amount of debt of $5.0 million. The notional amount increased by $5.0 million each quarter through the first quarter of 1997. The notional amount outstanding at December 31, 1997 was $20.0 million.

Readiness for Year 2000

The Company has taken actions to understand the nature and extent of work required to make its systems, products, services and infrastructure Year 2000 compliant. The Company is currently preparing its financial, information and other computer-based systems for the Year 2000, including replacing and/or updating existing systems. The Company continues to evaluate the additional estimated costs associated with these efforts, which it currently estimates to be between $40-$45 million over the next two years. Based on actual experience and available information, the Company believes that it will be able to manage its Year 2000 transition without any material adverse effect on its business operations, services or financial condition. However, if the applicable modifications and conversions are not made, or are not completed on a timely basis, the Year 2000 issue could have a material adverse impact on the operations of the Company. Further, management is currently evaluating the extent to which the Company's interface systems are vulnerable to its suppliers' and consumers' failure to remediate their own Year 2000 issues as there is no guarantee that the systems of other companies on which the Company's systems rely will be timely and adequately converted.

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 14 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 $6.6 million and $11.9 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 clean-up estimates have been modified from prior years' in light of cost inflation and certain assumptions the Company is making with respect to the end use of the property. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, 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. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the event the parties are unable to settle the dispute, the case is scheduled to be tried beginning September, 1998. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for is immaterial.

Capitalization

The Company has three classes of common stock: Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston Burlington Group Common Stock ("Burlington Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, 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 Brink's Group consists of the Brink's and BHS operations of the Company. The Burlington Group consists of the BAX Global Inc. ("BAX Global") operations of the Company. The Minerals Group consists of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company. The Company prepares separate financial statements for the Brink's, Burlington and Minerals Groups, in addition to consolidated financial information of the Company.

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

Under the share repurchase programs authorized by the Board of Directors (the "Board"), the Company purchased shares in the periods presented as follows:

	Years Ended December 31	
(Dollars in millions)	1997	1996
Brink's Stock:		
Shares	166,000	278,000
Cost	$ 4.3	6.9
Burlington Stock:		
Shares	332,300	75,600
Cost	$ 7.4	1.4
Convertible Preferred Stock:		
Shares	1,515	20,920
Cost	$ 0.6	7.9
Excess carrying amount (a)	$ 0.1	2.1

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years. This amount is deducted from preferred dividends in the Company's Statement of Operations.

In May 1997, the Board authorized an increase in the remaining repurchase authority with respect to the Convertible Preferred Stock to $25.0 million, leaving the Company the remaining authority to repurchase an additional $24.4 million of such stock. As of December 31, 1997, the Company had remaining authority to purchase over time 1 million shares of Pittston Minerals Group Common Stock; 1.1 million shares of Pittston Brink's Common Stock; 1.1 million shares of Pittston Burlington Group Common Stock. The aggregate purchase price limitation for all common stock was $24.9 million at December 31, 1997. The authority to repurchase shares remains in effect in 1998.

As of December 31, 1997, debt as a percent of capitalization (total debt and shareholders' equity) was 26%, compared with 24% at December 31, 1996. The increase in the debt ratio since December 1996 was due to the 13% increase in shareholders' equity compared to the 24% increase in total debt.

Dividends

The Board intends to declare and pay dividends, if any, 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, losses by one Group could affect the Company's ability to pay dividends in respect of stock relating to the other Group. Dividends on Minerals Stock are also limited by the Available Minerals Dividend Amount as defined in the Company's Articles of Incorporation. The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31, 1997, the Available Minerals Dividend Amount was at least $15.2 million.

Since its distribution of Minerals Stock in 1993, the Company has paid a cash dividend to its Minerals Stock shareholders at an annual rate of $0.65 per share, despite a mixed record of earnings and cash flows for the Minerals Group. The Company continues its focus on the financial and capital needs of the Minerals Group companies and, as always, is considering all strategic uses of available cash, including the dividend rate, with a view towards maximizing long-term shareholder value.

During 1997 and 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. At present, the annual dividend rate for Brink's Stock is 10 cents per share, for Minerals Stock is 65 cents per share and for Burlington Stock is 24 cents per share.

In 1997 and 1996, dividends paid on the Convertible Preferred Stock amounted to $3.6 million and $3.8 million, respectively.

Accounting Changes

In 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128 "Earnings Per Share." SFAS No. 128 replaced the calculation of primary and fully diluted net income per share with basic and diluted net income per share (Note 8). Unlike primary net income per share, basic net income per share excludes any dilutive effects of options, warrants and convertible securities. Diluted net income per share is very similar to the previous fully diluted net income per share. All prior-period net income per share data has been restated to conform with the provisions of SFAS No. 128.

Pending Accounting Changes

The Company will implement the following new accounting standards.

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income", will be implemented in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders. With the exception of foreign currency translation adjustments, such changes are not significant to the Company.

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", will be implemented in the financial statements for the year ended December 31, 1998. SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of this SFAS is not expected to have a material impact on the financial statements of the Company.

Forward Looking Information

Certain of the matters discussed herein, including statements regarding the expected outcome of 1998 first quarter results, BPI and information technology, capital investment projections, the expected benefits from the ATI acquisition and from BAX Global's continuous improvement program on financial results, expectations with regard to future realizations on metallurgical coal and gold sales and the readiness for Year 2000, involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Company, include, but are not limited to, overall economic and business conditions, the demand for the Company's products, services, pricing and other competitive factors in the industry, new government regulations, variations in costs or expenses, the consummation and successful integration of the ATI acquisition, changes in the scope of BPI and Year 2000 initiatives, delays or problems in the implementation of Year 2000 initiatives by the Company and/or its suppliers and customers and delays or problems in the design and implementation of BPI.

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 amounts reflected in these financial statements are determined based upon methods which management believes to be a reasonable and an equitable estimate of the cost attributable to the Brink's Group.

The Company provides holders of the Pittston Brink's Group Common Stock ("Brink's Stock") separate financial statements, financial reviews, descriptions of business and other relevant information for the Brink's Group in addition to consolidated financial information of the Company. Holders of Brink's Stock are shareholders of the Company, which is responsible for all liabilities. Therefore, financial developments affecting the Brink's Group, the Pittston Burlington Group (the "Burlington Group") or the Pittston Minerals Group (the "Minerals Group") that affect the Company's financial condition could affect the results of operations and financial condition of each of the Groups. Accordingly, the Company's consolidated financial statements must be read in connection with the Brink's Group's financial statements.

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

RESULTS OF OPERATIONS

(In thousands)	1997	Years Ended December 31 1996	1995
Operating revenues:			
Brink's	$ 921,851	754,011	659,459
BHS	179,583	155,802	128,936
Total operating revenues	$1,101,434	909,813	788,395
Operating profit:			
Brink's	$ 81,591	56,823	42,738
BHS	52,844	44,872	39,506
Segment operating profit	134,435	101,695	82,244
General corporate expense	(6,871)	(7,457)	(4,770)
Total operating profit	$ 127,564	94,238	77,474

The Brink's Group's net income amounted to $73.6 million in 1997, compared with the $59.7 million earned in 1996. Operating profit totaled $127.6 million, $33.3 million (35%) higher than the amount reported in 1996. Net income and operating profit were favorably impacted by increased operating results generated by the Brink's and BHS businesses, combined with lower general corporate expenses. Total revenues of $1.1 billion amounted to a $191.6 million (21%) increase compared to 1996, with Brink's accounting for $167.8 million of the increase and BHS accounting for $23.8 million of the increase. Operating expenses and selling, general and administrative expenses increased by $157.7 million (19%), of which $142.5 million was attributable to Brink's and $15.8 million was attributable to BHS. Net interest expense in 1997 of $8.7 million represented a $9.6 million increase over the $0.9 million of net interest income in 1996. This increase was due primarily to additional debt used to fund the acquisition of Brink's Venezuelan subsidiary during the first quarter of 1997.

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 headquarters to Richmond, Virginia. Total revenues of $909.8 million amounted to a $121.4 million (15%) increase compared to the 1995 total, with Brink's increase accounting for $94.5 million and BHS's increase accounting for $26.9 million. Operating expenses and selling, general and administrative expenses increased by $106.2 million (15%) over the 1995 level, of which $82.0 million was incurred by Brink's and $21.5 million was incurred by BHS. Other net expense increased $1.9 million to $5.4 million in 1996 primarily due to minority interest related to the increase in ownership interest (from 46.5% to 50.5%) in Brink's Colombian subsidiary.

Brink's

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

(In thousands)	Years Ended December 31 1997	1996	1995
Operating revenues:			
North America (United States and Canada)	$482,182	418,941	379,230
Europe	146,464	128,848	124,151
Latin America	266,445	182,481	137,558
Asia/Pacific	26,760	23,741	18,520
Total operating revenues	$921,851	754,011	659,459
Operating expenses	725,693	605,851	533,109
Selling, general and administrative	116,378	93,770	84,507
Total costs and expenses	842,071	699,621	617,616
Other operating income, net	1,811	2,433	895
Operating profit:			
North America (United States and Canada)	$ 40,612	34,387	29,159
Europe	10,039	4,734	5,491
Latin America	28,711	15,243	6,246
Asia/Pacific	2,229	2,459	1,842
Total operating profit	$ 81,591	56,823	42,738
Depreciation and amortization	$ 30,758	24,293	21,844
Cash capital expenditures	$ 45,234	32,149	22,415

Brink's worldwide consolidated revenues totaled $921.9 million in 1997 compared to $754.0 million in 1996, a 22% increase. Brink's 1997 operating profit of $81.6 million represented a 44% increase over the $56.8 million of operating profit reported in 1996. Total costs and expenses in 1997 increased by $142.5 million (20%).

Revenues from North American operations increased $63.3 million (15%), to $482.2 million in 1997 from $418.9 million in 1996. North American operating profit increased $6.2 million (18%) to $40.6 million in the current year from $34.4 million in 1996. The revenue and operating profit improvement for 1997 primarily resulted from improved armored car operations, which includes ATM services, and from improved money processing operations.

Revenues and operating profit from European operations in 1997 amounted to $146.5 million and $10.0 million, respectively. These amounts represented increases of $17.6 million (14%) and $5.3 million (112%) from 1996. The improvement in revenues and operating profit in 1997 was due to stronger results in most European countries, partially offset by lower results from the 38% owned affiliate in France. In January 1998, Brink's purchased nearly all the remaining shares of this affiliate for payments over three years aggregating approximately U.S. $39 million. The initial payment made at closing of U.S. $8.8 million was funded through the revolving credit portion of the Company's credit agreement with a syndicate of banks.

In Latin America, revenues and operating profit increased 46% to $266.4 million and 88% to $28.7 million, respectively, from 1996 to 1997. These increases were primarily due to the consolidation of the results of Brink's Venezuelan subsidiary, Custodia y Traslado de Valores, C.A. ("Custravalca"), where Brink's increased its ownership from 15% to 61% in January 1997. However, non-operating expenses, including net interest and minority interest expense net of foreign translation gains associated with the acquisition, offset more than half of the operating profit generated by Custravalca.

Revenues and operating profits from Asia/Pacific operations in 1997 were $26.8 million and $2.2 million, respectively, compared to $23.7 million and $2.5 million, respectively, in 1996.

Brink's 1996 consolidated operating profit of $56.8 million amounted to a $14.1

million (33%) increase over the $42.7 million operating profit recorded in 1995. Revenues increased by $94.6 million to $754.0 million, 14% higher than the 1995 level. Total costs and expenses in 1996 increased by $82.0 million (13%).

Revenues from North American operations totaled $418.9 million in 1996, $39.7 million (10%) higher than the 1995 level. North American operating profit amounted to $34.4 million, an increase of $5.2 million (18%) compared to the $29.2 million recorded in 1995. The favorable change in operating profit was largely attributable to improved results generated by the armored car business, which includes ATM services, as well as higher earnings from money processing operations.

Revenues and operating profits from European operations were $128.8 million and $4.7 million, respectively, in 1996. These amounts represented an increase of $4.7 million (4%) and a decrease of $0.8 million (14%) from 1995. The decrease in operating profits in 1996 was due to poor results in a few countries, including Brink's then 38% owned affiliate in France.

In Latin America, revenues and operating profit increased $44.9 million (33%) to $182.5 million and $9.0 million (144%) to $15.2 million, respectively, during 1996. These increases principally reflect the consolidation of Colombian operations as a result of Brink's acquiring a majority ownership of that company in the third quarter of 1995.

Revenues and operating profits from Asia/Pacific operations in 1996 were $23.7 million and $2.5 million, respectively, compared to $18.5 million and $1.8 million, respectively, in 1995.

BHS

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

	Years Ended December 31		
(Dollars in thousands)	1997	1996	1995
Operating revenues	$ 179,583	155,802	128,936
Operating expenses	89,312	81,324	66,575
Selling, general and administrative	37,427	29,606	22,855
Total costs and expenses	126,739	110,930	89,430
Operating profit	$ 52,844	44,872	39,506
Depreciation and amortization	$ 30,344	30,115	22,408
Cash capital expenditures	$ 70,927	61,522	47,256
Annualized recurring revenues (a)	$ 154,718	128,106	107,707
Number of subscribers:			
Beginning of period	446,505	378,659	318,029
Installations	105,630	98,541	82,643
Disconnects, net (b)	(40,603)	(30,695)	(22,013)
End of period	511,532	446,505	378,659

(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.

(b) Includes 4,281 of special limited service contracts for a large homeowners' association that were discontinued as of December 31, 1997.

Revenues for BHS increased by $23.8 million (15%) to $179.6 million in 1997 from $155.8 million in 1996. The increase in revenues was predominantly the result of higher ongoing monitoring and service revenues caused by a 15% growth of the subscriber base for the year, combined with higher average monitoring fees. As a result of such growth, annualized recurring revenues at the end of 1997 grew 21% over the amount in effect at the end of 1996. The increase in monitoring and service revenues was offset, in part, by a slight decrease in total installation revenue. While the number of new security system installations has increased in 1997, the revenue per installation has decreased due to continuing aggressive installation pricing and marketing by competitors.

Operating profit of $52.8 million in 1997 represents an increase of $7.9 million (18%) compared to the $44.9 million earned in 1996. Included in this increase is a $8.9 million reduction in depreciation expense resulting from a change in estimate (discussed below). Operating profit was favorably impacted by the monitoring and servicing revenue increases mentioned above, partially offset by increased account servicing and administrative expenses which were a consequence of the larger subscriber base. In addition, operating profit was negatively impacted by a $6.7 million increase in net installation and marketing costs incurred and expensed. While these costs to obtain subscribers increased during 1997, the cash margins per subscriber generated from recurring revenues showed improvement from those of 1996.

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 primarily from ongoing monitoring and recurring revenues caused by the 18% growth in the subscriber base. 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 grew 15% over the 1995 amount due to the increased volume of installations partially offset by a reduction in revenue per installation. Revenue per installation decreased due to the competitive connection fee pricing in the marketplace.

Operating profit of $44.9 million for 1996 represented 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 were also a consequence of the larger subscriber base. In addition, installation and marketing costs incurred and expensed during the year increased by $1.0 million from the prior year. Cash margins per subscriber generated from recurring revenues remained consistent between 1995 and 1996.

It is BHS' policy to depreciate capitalized subscriber installation expenditures over the estimated life of the security system based on subscriber retention percentages. BHS initially developed its annual depreciation rate based on information about subscriber retention which was available at the time. However, accumulated historical data about actual subscriber retention has indicated that approximately 50% of subscribers are still active after a period of ten years. Therefore, in order to reflect the higher demonstrated retention of subscribers, and to more accurately match depreciation expense with monthly recurring revenue generated from active subscribers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscriber installation costs. BHS will continue its practice of charging the remaining net book value of all capitalized subscriber installation expenditures to depreciation expense as soon as a system is identified for disconnection. This change in estimate reduced depreciation expense for capitalized installation costs in 1997 by $8.9 million.

As of January 1, 1992, BHS elected to capitalize categories of costs not previously capitalized for home security installations to more accurately reflect subscriber installation costs included as capitalized installation costs, which added $4.9 million to operating profit in 1997 and $4.5 million in both 1996 and 1995. 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 $ 2.6 million in 1997, $2.5 million in 1996 and $2.7 million in 1995) and costs incurred in maintaining facilities and vehicles dedicated to the installation process (in the amount of $2.3 million in 1997, $2.0 million in 1996 and $1.8 million in 1995). 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, management believes the effect on net income in 1997, 1996, and 1995 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 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 fluctuations. 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, 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 Venezuela and an affiliate in Mexico operate in such highly inflationary economies. Prior to January 1, 1998, the economy in Brazil, in which the Brink's Group has a subsidiary, was considered highly inflationary.

The Brink's Group is also 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 attributions were $6.9 million in 1997, $7.5 million in 1996 and $4.8 million in 1995.

Higher 1996 corporate expenses were primarily due to 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. The increase in the corporate expense allocation in 1996 and 1997 excluding the 1996 relocation costs is primarily due to a higher proportion of services attributable to the Brink's Group as well as higher general corporate expenses.

Corporate expenses for the first quarter of 1998 will reflect approximately $6 million related to payments or accruals being made pursuant to the retirement agreement between the Company and Joseph C. Farrell, former Chairman, President and Chief Executive Officer of the Company. Approximately $2.1 million of those expenses will be attributed to the Brink's Group.

Other Operating Income, Net

Other net operating income decreased $0.6 million to $1.8 million in 1997 and increased $1.5 million to $2.4 million in 1996. Other operating income principally includes the equity earnings of Brink's foreign affiliates which amounted to $1.5 million in 1997, $1.9 million in 1996 and $0.1 million in 1995. The lower level of other operating income in 1995 as compared to 1997 and 1996 is primarily attributable to lower earnings from Brink's 20% owned affiliate in Mexico during 1995.

Interest Income

Interest income was consistent between 1997 and 1996, but increased $0.9 million to $2.7 million in 1996 from $1.8 million in 1995. That increase was primarily attributable to increases in interest income earned on amounts owed by the Minerals Group.

Interest Expense

Interest expense increased $9.7 million to $11.5 million in 1997 and decreased $0.3 million to $1.8 million in 1996. The increase in 1997 was due to additional debt, as well as higher average interest rates, related to the acquisition of Custravalca in 1997.

Other Expense, Net

Other net expense, which principally includes foreign translation gains and losses and minority interest expense or income, increased by $0.2 million to $5.6 million in 1997 and increased by $1.9 million to $5.4 million in 1996. The higher level of expense in 1997 and 1996 reflects an increase in minority interest expense, resulting from the consolidation of the now 51% owned Brink's Colombia (in the third quarter of 1995) and of the now 61% owned Custravalca (early 1997). These increases were partially offset by minority interest income, the result of losses incurred by international start-up operations.

Income Taxes

The provision for income taxes was 35% in 1997, 33% in 1996 and 31% in 1995. The rates in 1996 and 1995 were lower than the statutory federal income tax rate of 35% due to lower taxes on foreign income partially offset by additional provisions for state income taxes.

FINANCIAL CONDITION

A portion of the Company's corporate assets and liabilities has been attributed to the Brink's Group based upon utilization of the shared services from which assets and liabilities are generated. Management believes this attribution to 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 $58.2 million and $60.8 million at December 31, 1997 and 1996, respectively.

Cash Flow Requirements

Cash provided by operating activities totaled $147.0 million in 1997, an increase of $33.3 million over 1996. The increase in cash flow primarily reflects the Group's higher net income, which included higher amounts for depreciation and amortization and other non-cash charges, partially attributable to the acquisition of Custravalca in January 1997. Cash generated from operating activities was not sufficient to fund investing activities, which primarily consisted of capital expenditures and the acquisition of Custravalca. As a result of these items and funds used for share activities, the Group increased net cash borrowings (net of repayments made to the Minerals Group) by $41.4 million. The combination of these activities increased cash and cash equivalents by $17.7 million.

Capital Expenditures

Cash capital expenditures for 1997 totaled $116.3 million, of which $70.9 million was spent by BHS and $45.2 million was spent by Brink's. Cash capital expenditures totaled $95.8 million in 1996. Additional expenditures financed through capital leases amounted to $3.9 million and $1.9 million in 1997 and 1996, respectively. In 1997, $65 million (56%) of the Brink's Group's total cash capital expenditures was attributable to BHS customer installations, principally reflecting expansion of the subscriber base. Capital expenditures made by Brink's during 1997 were primarily for expansion, replacement or maintenance of ongoing business operations.

Cash capital expenditures in 1998 are currently expected to approximate $140 million, approximately $24 million higher than the 1997 level of expenditures. The increase is expected to result largely from expenditures at BHS, reflecting continued growth of the subscriber base and at Brink's for expansion of North America and international operations.

Financing

The Brink's Group intends to fund cash capital expenditures through cash flow from operating activities. Shortfalls, if any, will be financed through the

Company's revolving credit agreements, other borrowing arrangements or repayments from the Minerals Group.

Total debt outstanding at December 31, 1997 was $55.3 million, $45.9 million higher than the $9.4 million at December 31, 1996. The increase in debt is largely attributable to additional borrowings associated with the acquisition of Custravalca.

The Company has a $350.0 million credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. The

maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. As of December 31, 1997 and 1996, borrowings of $100.0 million were outstanding under the term loan and $25.9 million and $23.2 million, respectively, of additional borrowings were outstanding under the remainder of the Facility. No portion of the total amount outstanding under the Facility at December 31, 1997 or at December 31, 1996 was attributed to the Brink's Group.

Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $610 million at December 31, 1997.

In connection with its acquisition of Custravalca, Brink's entered into a borrowing arrangement with a syndicate of local Venezuelan banks. The borrowings consisted of a long-term loan denominated in the local currency equivalent to U.S. $40.0 million and a $10.0 million short-term loan denominated in U.S. dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. As of December 31, 1997, total borrowings under this arrangement were equivalent to U.S. $35.9 million.

Related Party Transactions

At December 31, 1997, under an interest bearing borrowing arrangement, the Minerals Group owed the Brink's Group $27.0 million, an increase of $3.0 million from the $24.0 million owed at December 31, 1996.

At December 31, 1997 and 1996, the Brink's Group owed the Minerals Group $19.4 million and $18.8 million, respectively, for tax payments representing the Minerals Group's tax benefits utilized by Brink's Group in accordance with the Company's tax sharing policy, of which $19.0 million is expected to be paid within one year. The Brink's Group paid the Minerals Group $15.8 million for the utilization of such tax benefits during 1997.

Readiness for Year 2000

The Brink's Group has taken actions to understand the nature and extent of work required to make its systems, services and infrastructure Year 2000 compliant. The Brink's Group is currently preparing its financial, information and other computer-based systems for the Year 2000, including replacing and/or updating existing systems. As these efforts progress, the Brink's Group continues to evaluate the associated costs. Based upon its most recent estimates and its anticipated capital spending, the Brink's Group does not anticipate that it will incur any material costs in preparing for the Year 2000. The Brink's Group believes, based on available information, that it will be able to manage its Year 2000 transition without material adverse effect on its business operations, services or financial condition. However, if the applicable modifications and conversions are not made, or are not completed on a timely basis, the Year 2000 issue could have a material adverse impact on the operations of the Brink's Group. Further, management is currently evaluating the extent to which the Brink's Group's interface systems are vulnerable to its suppliers' and customers' failure to remediate their own Year 2000 issues as there is no guarantee that the systems of other companies on which the Brink's Group's systems rely will be timely and adequately converted.

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 14 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 $6.6 million and $11.9 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 clean-up estimates have been modified from prior years' in light of cost inflation and certain assumptions the Company is making with respect to the end use of the property. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, 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. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the event the parties are unable to settle the dispute, the case is scheduled to be tried beginning September, 1998. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for is immaterial.

Capitalization

The Company has three classes of common stock: Brink's Stock, Pittston Burlington Group Common Stock ("Burlington Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Brink's Group, 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 Brink's Group consists of the Brink's and BHS operations of the Company. The Burlington Group consists of the BAX Global Inc. ("BAX Global") operations of the Company. The Minerals Group consists of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company. The Company prepares separate financial statements for the Brink's, Burlington and Minerals Groups, in addition to consolidated financial information of the Company.

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

Under the share repurchase programs authorized by the Board of Directors of the Company (the "Board"), the Company purchased shares in the periods presented as follows:

	Years Ended December 31	
(Dollars in millions)	1997	1996
Brink's Stock:		
Shares	166,000	278,000
Cost	$ 4.3	6.9
Convertible Preferred Stock:		
Shares	1,515	20,920
Cost	$ 0.6	7.9
Excess carrying amount (a)	$ 0.1	2.1

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years which is deducted from preferred dividends in the Company's Statement of Operations.

In May 1997, the Board authorized an increase in the remaining repurchasing authority with respect to the Convertible Preferred Stock to $25.0 million, leaving the Company the remaining authority to repurchase an additional $24.4 million of such stock at December 31, 1997. As of December 31, 1997, the Company had remaining authority to purchase over time 1.1 million shares of Pittston Brink's Common Stock. The aggregate purchase price limitation for all common stock was $24.9 million at December 31, 1997. The authority to repurchase shares remains in effect in 1998.

Dividends

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

During 1997 and 1996, the Board declared and the Company paid dividends on Brink's Stock of 10 cents per share.

In 1997 and 1996, dividends paid on the Convertible Preferred Stock were $3.6 million and $3.8 million, respectively.

Accounting Changes

In 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128 "Earnings Per Share." SFAS No. 128 replaced the calculation of primary and fully diluted net income per share with basic and diluted net income per share (Note 10). Unlike primary net income per share, basic net income per share excludes any dilutive effects of options, warrants and convertible securities. Diluted net income per share is very similar to the previous fully diluted net income per share. All prior-period net income per share data has been restated to conform with the provisions of SFAS No. 128.

Pending Accounting Changes

The Brink's Group will implement the following new accounting standards.

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income", will be implemented in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders. With the exception of foreign currency translation adjustments, such changes are not significant to the Brink's Group.

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", will be implemented in the financial statements for the year ended December 31, 1998. SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of this SFAS is not expected to have a material impact on the financial statements of the Brink's Group.

Forward Looking Information

Certain of the matters discussed herein, including statements regarding the readiness for Year 2000, involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Brink's Group and the Company, include, but are not limited to, overall economic and business conditions, the demand for the Brink's Group's services, pricing and other competitive factors in the industry, new government regulations, changes in the scope of Year 2000 initiatives and delays or problems in the implementation of Year 2000 initiatives by the Brink's Group and/or its suppliers and customers.

Pittston Burlington Group

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 BAX Global Inc. ("BAX Global") operations of The Pittston Company (the "Company") and a portion of the Company's corporate assets and liabilities and related transactions which are not 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 amounts reflected in these financial statements are determined based upon methods which management believes to be a reasonable and an equitable estimate of cost attributable to the Burlington Group.

The Company provides 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. 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 Pittston Brink's Group (the "Brink's Group") or the Pittston Minerals Group (the "Minerals Group") that affect the Company's financial condition could affect the results of operations and financial condition of each of the Groups. Accordingly, the Company's consolidated financial statements must be read in connection with the 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)	1997	1996	1995
		Years Ended December 31	
Operating revenues:			
BAX Global	$1,662,338	1,484,869	1,403,195
Operating profit:			
BAX Global	$ 63,264	64,604	58,723
General corporate expense	(6,859)	(7,433)	(4,770)
Operating profit	$ 56,405	57,171	53,953

Net income for the Burlington Group for 1997 was $32.3 million, including a $12.5 million pre-tax charge ($7.9 million after-tax) related to consulting expenses for the redesign of BAX Global's business processes and new information systems architecture, compared with $33.8 million for 1996. Operating profit for 1997, after the $12.5 million charge, totaled $56.4 million compared with $57.2 million in 1996. Net income and operating profit in 1997 benefited from substantial additional volumes of freight directed to BAX Global during a Teamsters' strike against United Parcel Service (the "UPS Strike") in the third quarter of 1997, which added an estimated $2.6 million to operating profit and $1.6 million to net income. Revenues for 1997 increased $177.5 million to $1.7 billion as compared with 1996. Operating expenses and selling, general and administrative expenses for 1997 increased $179.2 million to $1.6 billion.

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 $81.7 million or 6% during 1996 as compared with the prior year. Operating expenses and selling, general and administrative expenses for 1996 increased $77.2 million or 6% over the 1995 level.

BAX Global Inc.

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

(Dollars in thousands - except per pound/shipment amounts)	Years Ended December 31 1997	1996	1995
Operating revenues:			
Intra-U.S.:			
Expedited freight services	$ 620,839	547,647	528,174
Other	7,579	6,906	6,917
Total Intra-U.S	628,418	554,553	535,091
International:			
Expedited freight services	784,730	713,834	698,624
Customs clearances	124,145	120,438	103,509
Ocean and other	125,045	96,044	65,971
Total International	1,033,920	930,316	868,104
Total operating revenues	1,662,338	1,484,869	1,403,195
Operating expenses	1,455,336	1,301,974	1,234,095
Selling, general and administrative	146,245	119,821	113,210
Total costs and expenses	1,601,581	1,421,795	1,347,305
Other operating income, net	2,507	1,530	2,833
Operating profit:			
Intra-U.S	36,858	36,143	30,416
International	38,906	28,461	28,307
Other(a)	(12,500)		
Total operating profit	$ 63,264	64,604	58,723
Depreciation and amortization	$ 29,667	23,254	19,856
Cash capital expenditures	$ 30,955	59,238	32,288
Expedited freight services shipment growth rate (b)	12.0%	1.3%	6.2%
Expedited freight services weight growth rate (b):			
Intra-U.S	8.7%	3.3%	(3.8%)
International	9.0%	2.5%	29.1%
Worldwide	8.9%	2.9%	11.3%
Expedited freight services weight (million pounds)	1,556.6	1,430.0	1,390.2
Expedited freight services shipments (thousands)	5,798	5,179	5,112
Expedited freight services average:			
Yield (revenue per pound)	$ 0.903	0.882	0.882
Revenue per shipment	$ 242	244	240
Weight per shipment (pounds)	268	276	272

(a) Consulting expenses related to the redesign of BAX Global's business processes and information systems architecture of which $4.75 million and $7.75 million were attributed to Intra-U.S. and International operations, respectively. These expenses are included in selling, general and administrative expenses.

(b) Compared to the same period in the prior year.

BAX Global's operating profit, including the $12.5 million charge, amounted to $63.3 million in 1997, a decrease of $1.3 million (2%) from the level achieved in 1996. Worldwide revenues increased by 12% to $1.7 billion from $1.5 billion in 1996. The $177.5 million growth in revenues reflects a 9% increase in worldwide expedited freight services pounds shipped, which reached 1,556.6 million pounds in 1997, combined with a 2% increase in yield on this volume. In addition, non-expedited freight services revenues increased $33.4 million (15%) during 1997 as compared to 1996. Worldwide expenses in 1997 which include the $12.5 million charge, amounted to $1.6 billion, $179.8 million (13%) higher than 1996.

In 1997, BAX Global's intra-U.S. revenues increased from $554.6 million to $628.4 million. This $73.8 million (13%) increase was primarily due to an increase of $73.2 million in intra-U.S. expedited freight services revenues. The higher level of expedited freight services revenue in 1997 resulted from a 9% increase in weight shipped coupled with a 4% increase in the average yield. The increase in average yield was the combination of higher average pricing (both overnight and second day freight). The higher average pricing was due, in large part, to the effects of the UPS Strike and to an intra-U.S. shipment surcharge which was initiated in September 1996 to offset various cost increases. In addition, the average revenue per shipment and the average weight per shipment decreased as a result of the UPS Strike since, the additional volume, on average, consisted of a large number of smaller shipments. Excluding the estimated effects of the UPS Strike, both of these averages increased over 1996. Intra-U.S. operating profit during 1997, excluding any impact of the aforementioned $12.5 million charge, increased $0.7 million from the $36.1 million recorded in 1996. Intra-U.S. operating profit in 1996 benefited from the reduction in Federal excise tax liabilities while 1997 was favorably impacted by the UPS Strike. However, the estimated $2.6 million operating profit benefit from the UPS Strike was more than offset by higher transportation expenses associated with additional capacity designed to improve on-time customer service and to meet the rising demand in some of BAX Global's high growth markets.

International revenues in 1997 increased $103.6 million (11%) to $1,033.9 million from the $930.3 million recorded in 1996. International expedited freight services revenue increased $70.9 million (10%) due to a 9% increase in weight shipped combined with a 1% increase in the average yield. The increase in the average yield on international expedited freight is primarily due to the fuel surcharge implemented by BAX Global in March 1997 in reaction to a corresponding surcharge implemented by its third party transportation providers. International non-expedited freight services revenue increased $32.7 million (15%) in 1997 as compared to 1996. The higher revenues relate to increases in international logistics management services, primarily the result

of the Cleton acquisition (discussed below), and the continued expansion of ocean freight services. International operating profit in 1997, excluding any impact of the aforementioned $12.5 million charge, increased $10.4 million (37%) from the $28.5 million recorded in 1996. Operating profit during 1997 benefited from the increased revenues combined with improved margins on U.S. exports.

Operating results for the first quarter of 1998 are expected to be below those of the comparable 1997 quarter. While volume to date in the 1998 quarter has increased from that of the comparable 1997 period, transportation expenses are continuing at higher levels over those in the comparable 1997 period. These results for the first quarter are being impacted by a combination of factors including service disruptions resulting from weather delays, equipment problems, incremental information technology expenditures, including Year 2000 and a softened export market due, in part, to the financial situation in Asia.

BAX Global operating profit in 1996 amounted to $64.6 million, an increase of $5.9 million (10%) from the $58.7 million reported in 1995. Worldwide revenues in 1996 increased 6% to $1.5 billion from $1.4 billion in 1995. The $81.7 million growth in revenues principally reflects a 3% increase in worldwide expedited freight services pounds shipped, which reached 1,430.0 million pounds in 1996. In addition, non-expedited freight services revenues increased $47.0 million (27%) during 1996 as compared to 1995. Worldwide expenses in 1996 amounted to $1.4 billion, $74.5 million (6%) higher than 1995.

In 1996, BAX Global's intra-U.S. revenues increased from $535.1 million to $554.6 million. This $19.5 million (4%) increase was due to a corresponding increase of $19.5 million in intra-U.S. expedited freight services revenues. The higher level of expedited freight services revenue in 1996 primarily resulted from a 3% increase in weight shipped. The average yield on this volume remained essentially unchanged in 1996 as compared to 1995 due to lower average pricing and sales mix for BAX Global's overnight service, offset by the initiation of a surcharge in September 1996 on all domestic shipments. Intra-U.S. operating profit in 1996 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.

International revenues in 1996 increased $62.2 million (7%) to $930.3 million from the $868.1 million recorded in 1995. International expedited freight services revenues increased $15.2 million (2%) due to a 3% increase in weight shipped, offset partially by a slightly lower average yield. In addition, international non-expedited freight services revenue increased $47.0 million (28%) in 1996 as compared to 1995. The increase is primarily due to an increase in customs clearance and an expansion of ocean freight services. International operating profit in 1996 amounted to $28.5 million essentially unchanged from the $28.3 million recorded in 1995. Operating profit during 1996, primarily reflects improved operating margins on U.S. 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 BAX Global's worldwide network including quality improvements in global systems, facilities and acquisitions.

In June 1997, BAX Global completed its acquisition of Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands. BAX Global acquired Cleton for the equivalent of U.S. $10.7 million, and the initial assumption of the equivalent of U.S. $10.0 million of debt of which approximately U.S. $6.0 million was outstanding at December 31, 1997. Additional contingent payments ranging from the current equivalent of U.S. $0 to U.S. $18.0 million will be paid over the next three years based on certain performance criteria of Cleton.

In February 1998, BAX Global signed an agreement to acquire, subject to regulatory and judicial approvals and other conditions to closing, the privately held Air Transport International LLC ("ATI") for a purchase price approximating $25-28 million, subject to possible adjustments. ATI is a U.S.-based freight and passenger airline which operates a certificated fleet of DC-8 aircraft providing services to BAX Global and other customers. The ATI acquisition is part of BAX Global's strategy to improve the quality of its service offerings for its customers by increasing its control over flight operations. As a result of this agreement, BAX Global is suspending its efforts to start up its own certificated airline carrier operations.

During 1997, BAX Global began a BAX Process Innovation ("BPI") Program which was comprised of an extensive review of all aspects of the company's operations. Senior management from around the world, working with a major consulting firm, reviewed all areas of the business including sales, operations, finance, logistics and information technology. BPI detailed improvements in its worldwide business through development of information systems that are intended to enhance productivity and improve the company's competitive position.

In 1998, BAX Global initiated a commitment for BPI of approximately $50 million over the next six to nine months. As more details of this plan are being developed, BPI will be integrated with BAX Global's continuous improvement program. BAX Global now anticipates spending approximately $120 million

(including the aforementioned $50 million) on information technology systems during 1998 and 1999 which will include substantial improvements to its information systems, annual recurring capital costs and spending for Year 2000 compliance issues. These expenditures are expected to occur equally between the two years, with approximately one-third expected to be expensed as incurred while the remainder will be capitalized.

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 fluctuations. 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 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, 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 Mexico operates in such a highly inflationary economy. Prior to January 1, 1998, the economy in Brazil, in which the Burlington Group has a subsidiary, was considered highly inflationary.

The Burlington Group is also 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 attributions were $6.9 million, $7.4 million and $4.8 million in 1997, 1996 and 1995, respectively.

Higher 1996 corporate expenses were primarily due to 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. The increase in the corporate expense allocation in 1996 and 1997 excluding the 1996 relocation costs is primarily due to a higher proportion of services attributable to the Burlington Group as well as higher general corporate expenses.

Corporate expenses for the first quarter of 1998 will reflect approximately $6 million related to payments or accruals being made pursuant to the retirement agreement between the Company and Joseph C. Farrell, former Chairman, President and Chief Executive Officer of the Company. Approximately $2.1 million of those expenses will be attributed to the Burlington Group.

Other Operating Income, Net

Other net operating income increased $1.0 million in 1997 to $2.5 million and decreased $1.3 million to $1.5 million in 1996 from $2.8 million in 1995. Other operating income principally includes foreign exchange transaction gains and losses, and the changes for the comparable periods are due to normal fluctuations in such gains and losses.

Interest Income

Interest income decreased $1.7 million to $0.8 million in 1997 from $2.5 million in 1996, which was $1.9 million lower than the $4.4 million level in 1995. The decreases in both years are primarily attributed to decreased interest income earned on lower average amounts owed by the Minerals Group.

Interest Expense

Interest expense for 1997 increased $1.1 million to $5.2 million and decreased $1.0 million in 1996 to $4.1 million from $5.1 million in 1995. The fluctuation in the level of interest in 1997, 1996 and 1995 is primarily due to fluctuations in the average borrowings, a significant portion of which resulted from the Burlington Group's expansion of international operations.

Other Expense, Net

In 1997, other net expense decreased by $1.3 million to $0.7 million. In 1996, other net expense increased $0.3 million to $2.0 million as compared to 1995. Other net expense in 1996 includes a loss for the termination of an overseas sublease agreement by BAX Global.

Income Taxes

The provision for income taxes was 37% in 1997 and 1996 and 36% in 1995. These rates exceeded the statutory federal income tax rate of 35% primarily due to provisions for state income taxes and goodwill amortization, partially offset by lower taxes on foreign income.

FINANCIAL CONDITION

A portion of the Company's corporate assets and liabilities has been attributed to the 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 $11.3 million at December 31, 1997 and $17.6 million at December 31, 1996.

Cash Flow Requirements

Cash provided by operating activities totaled $71.5 million in 1997, an increase of $8.4 million from $63.1 million in 1996. Although net income decreased $1.5 million, higher non-cash charges included in net income led to an additional $12.2 million in operating cash flow during the year. Cash generated from operating activities was not sufficient to fund investing (primarily aircraft heavy maintenance and capital expenditures) and share activities. As a result, net cash borrowings (including repayments from the Minerals Group) approximated $14.0 million. The combination of these activities resulted in an increase in cash and cash equivalents of $11.0 million during 1997.

Capital Expenditures

Cash capital expenditures for 1997 totaled $31.0 million and an additional $0.4 million of expenditures were made through capital leases. This compares to cash capital expenditures in 1996 of $61.3 million, with an additional $1.0 million of expenditures made through capital leases. Capital expenditures made during 1997 included expenditures related to the maintenance of ongoing operations and the development of new information systems. Capital expenditures in 1996 included the purchase of three aircraft and the acquisition of new support facilities.

Cash capital expenditures in 1998 are currently expected to approximate $56.0 million, excluding any potential expenditures related to the aforementioned BPI program and other information technology systems. The 1998 estimated expenditures exceed the 1997 level by approximately $36 million due primarily to the planned expansion of new facilities. In addition to these capital expenditures, BAX Global anticipates spending approximately $24 million on aircraft heavy maintenance in 1998.

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 and other borrowing arrangements.

Total debt outstanding at December 31, 1997 was $71.3 million an increase of $9.7 million from the $61.6 million reported at December 31, 1996. The net increase in debt primarily reflects additional borrowings related to the Cleton acquisition in mid-1997.

The Company has a $350.0 million credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31, 1997 and 1996, borrowings of $100.0 million were outstanding under the term loan portion of the Facility and $25.9 million and $23.2 million, respectively, of additional borrowings were outstanding under the remainder of the Facility. Of the total outstanding amount under the Facility at December 31, 1997, $10.9 million was attributed to the Burlington Group. No portion of the total amount outstanding under the Facility at December 31, 1996 was attributed to the Burlington Group.

In July 1997, the Company repaid the $14.3 million 4% subordinated debentures attributed to the Burlington Group, which were outstanding at December 31, 1996. Borrowings under the Facility were used to make this payment.

Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $610 million at December 31, 1997.

Related Party Transactions

At December 31, 1997, under an interest bearing borrowing arrangement, the Minerals Group had no borrowings from the Burlington Group at December 31, 1997 and owed the Burlington Group $7.7 million at December 31, 1996.

At December 31, 1997 and 1996, the Burlington Group owed the Minerals Group $18.2 million and $24.3 million, respectively, for tax payments representing Minerals Group's tax benefits utilized by the Burlington Group in accordance with the Company's tax sharing policy. Approximately $5 million of the amount owed at December 31, 1997 is expected to be paid within one year. The Burlington Group paid the Minerals Group $10.3 million for the utilization of such tax benefits during 1997.

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 one year as a hedge against liabilities denominated in various currencies. These contracts minimize the Burlington Group's exposure to exchange rate movements related to cash requirements of foreign operations denominated in various currencies. At December 31, 1997, the total notional value of foreign currency forward contracts outstanding was $2.2 million. As of such date, the fair value of the foreign currency forward contracts approximated notional value.

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, 1997, these transactions aggregated 33.3 million gallons and mature periodically throughout the first three quarters of 1998. 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, 1997, the fair value of these contracts was not significant.

Interest rate contracts--In connection with the aircraft leasing transactions by BAX Global, the Company has entered into an interest rate swap agreement. This variable to fixed interest rate swap agreement has a notional value of $30.0 million and fixes the Company's interest rate at 7.05% through January 2, 1998. At December 31, 1997, the fair value of the contract was not significant.

Readiness for Year 2000

The Burlington Group has taken actions to understand the nature and extent of the work required to make its systems, services and infrastructure Year 2000 compliant. The Burlington Group is currently preparing its financial, information and other computer-based systems for the Year 2000, including replacing and/or updating existing systems. The Burlington Group continues to evaluate the additional estimated costs associated with these efforts, which it currently estimates to be between $30-$35 million over the next two years. Based on actual experience and available information, the Burlington Group believes that it will be able to manage its Year 2000 transition without any material adverse effect on its business operations, services or financial condition. However, if the applicable modifications and conversions are not made, or are not completed on a timely basis, the Year 2000 issue could have a material adverse impact on the operations of the Burlington Group. Further, management is currently evaluating the extent to which the Burlington Group's interface systems are vulnerable to its suppliers' and customers' failure to remediate their own Year 2000 issues as there is no guarantee that the systems of other companies on which the Burlington Group's systems rely will be timely and adequately converted.

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 14 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 $6.6 million and $11.9 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 clean-up estimates have been modified from prior years' in light of cost inflation and certain assumptions the Company is making with respect to the end use of the property. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, 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. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the event the parties are unable to settle the dispute, the case is scheduled to be tried beginning September, 1998. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for is immaterial.

Capitalization

The Company has three classes of common stock: Burlington Stock, Pittston Brink's Group Common Stock ("Brink's Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Burlington Group, Brink's Group and Minerals Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Burlington Group consists of the BAX Global operations of the Company. The Brink's Group consists of the Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of the Company. The Minerals Group consists of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company. The Company prepares separate financial statements for the Burlington, Brink's and Minerals Groups in addition to consolidated financial information of the Company.

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

Under the share repurchase programs authorized by the Board of Directors of the Company (the "Board"), the Company purchased shares in the periods presented as follows:

	Years Ended December 31	
(Dollars in millions)	1997	1996
Burlington Stock:		
Shares	332,300	75,600
Cost	$ 7.4	1.4
Convertible Preferred Stock:		
Shares	1,515	20,920
Cost	$ 0.6	7.9
Excess carrying amount (a)	$ 0.1	2.1

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years which is deducted from preferred dividends in the Company's Statement of Operations.

In May 1997, the Board authorized an increase in the remaining repurchase authority with respect to the Convertible Preferred Stock to $25.0 million, leaving the Company the remaining authority to repurchase an additional $24.4 million of such stock. As of December 31, 1997 the Company had remaining authority to purchase over time 1.1 million shares of Pittston Burlington Group Common Stock. The aggregate purchase price limitation for all common stock was $24.9 million at December 31, 1997. The authority to repurchase shares remains in effect in 1998.

Dividends

The Board intends to declare and pay dividends, if any, 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, 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 1997 and 1996, the Board declared and the Company paid dividends on Burlington Stock of 24 cents per share.

In 1997 and 1996, dividends paid on the Convertible Preferred Stock were $3.6 million and $3.8 million, respectively.

Accounting Changes

In 1997, the Burlington Group implemented Statement of Financial Accounting Standards ("SFAS") No. 128 "Earnings Per Share." SFAS No. 128 replaced the calculation of primary and fully diluted net income per share with basic and diluted net income per share (Note 10). Unlike primary net income per share, basic net income per share excludes any dilutive effects of options, warrants and convertible securities. Diluted net income per share is very similar to the previous fully diluted net income per share. All prior-period net income per share data has been restated to conform with the provisions of SFAS No. 128.

Pending Accounting Changes

The Burlington Group will implement the following new accounting standards.

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income", will be implemented in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders. With the exception of foreign currency translation adjustments, such changes are not significant to the Burlington Group.

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", will be implemented in the financial statements for the year ended December 31, 1998. SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of this SFAS is not expected to have a material impact on the financial statements of the Burlington Group.

Forward Looking Information

Certain of the matters discussed herein, including statements regarding the expected outcome of 1998 first quarter results, BPI and information technology capital investment projections, the expected benefits from the ATI acquisition and from BAX Global's continuous improvement program on financial results and the readiness for Year 2000, involve forward looking information which is subject to known and unknown risks, uncertainties and contingencies, which could cause actual results, performance or achievements to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Burlington Group and the Company, include, but are not limited to, overall economic and business conditions, the demand for the BAX Global's services, pricing and other competitive factors in the industry, new government regulations, variations in costs or expenses, the consummation and successful integration of the ATI acquisition, changes in the scope of BPI and Year 2000 initiatives, delays or problems in the implementation of Year 2000 initiatives by the Burlington Group and/or its suppliers and customers and delays or problems in the design and implementation of BPI.

Pittston Minerals Group

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

The financial statements of the Pittston Minerals Group (the "Minerals Group") include the balance sheets, results of operations and cash flows of the Pittston Coal Company ("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 amounts reflected in these financial statements are determined based upon methods which management believes to be a reasonable and an equitable estimate of cost attributable to the Minerals Group.

The Company provides to holders of the Pittston Minerals Group Common Stock ("Minerals Stock") separate financial statements, financial reviews, descriptions of business and other relevant information for the Minerals Group in addition to consolidated financial information of the Company. Holders of Minerals Stock are shareholders of the Company, which is responsible for all liabilities. Therefore, financial developments affecting the Minerals Group, the Pittston Brink's Group (the "Brink's Group") or the Pittston Burlington Group (the "Burlington Group") that affect the Company's financial condition could affect the results of operations and financial condition of each of the Groups. Accordingly, the Company's consolidated financial statements must be read in connection with the Minerals Group's financial statements.

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

RESULTS OF OPERATIONS

	Years Ended December 31		
(In thousands)	1997	1996	1995
Net sales:			
Coal Operations	$612,907	677,393	706,251
Mineral Ventures	17,719	19,120	16,600
Net sales	$630,626	696,513	722,851
Operating profit (loss):			
Coal Operations	$ 12,217	20,034	23,131
Mineral Ventures	(2,070)	1,619	207
Segment operating profit	10,147	21,653	23,338
General corporate expense	(5,988)	(6,555)	(7,266)
Operating profit	$ 4,159	15,098	16,072

In 1997, the Minerals Group reported net income of $4.2 million, compared to net income of $10.7 million in 1996. Operating profit totaled $4.2 million in 1997 as compared to $15.1 million in 1996. Net sales during 1997 decreased $65.9 million (9%) compared to 1996. In 1997, the Minerals Group's operating profit benefited from a $3.1 million reversal of restructuring liabilities. In 1996, the Minerals Group's operating profit and net income included three significant items (related to Coal Operations): a $35.7 million benefit from the settlement of the Evergreen lawsuit at an amount lower than previously accrued ($23.2 million after-tax); a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets ($19.5 million after-tax); and an $11.7 million benefit from the reversal of excess restructuring liabilities ($7.6 million after-tax). 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.

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 the three significant items discussed above.

Coal Operations

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

Years Ended December 31 (In thousands)	1997	1996	1995
Net sales	$ 612,907	677,393	706,251
Cost of sales	594,688	693,505	683,621
Selling, general and administrative	19,457	24,261	22,415
Restructuring and other credits, including litigation accrual	(3,104)	(47,299)	--
Total costs and expenses	611,041	670,467	706,036
Other operating income, net	10,351	13,108	22,916
Operating profit	$ 12,217	20,034	23,131
Coal sales (tons):			
Metallurgical	7,655	8,124	8,607
Utility and industrial	12,813	14,847	15,789
Total coal sales	20,468	22,971	24,396
Production/purchased (tons):			
Deep	4,975	3,930	3,982
Surface	10,238	11,151	12,934
Contract	1,433	1,621	1,941
	16,646	16,702	18,857
Purchased	4,075	5,762	6,047
Total	20,721	22,464	24,904

Coal Operations generated an operating profit of $12.2 million in 1997, compared to $20.0 million reported in 1996 and $23.1 million reported in 1995. Operating results in 1997 included a benefit of $3.1 million from the reversal of excess restructuring liabilities. Operating results in 1996 included a benefit of $35.7 million from the settlement of the Evergreen case at an amount lower than previously accrued in 1993 and a benefit from excess restructuring liabilities of $11.7 million. These 1996 benefits were offset, in part, by a $29.9 million charge related to the adoption of a new accounting standard regarding the impairment of long-lived assets. The charge is included in cost of sales ($26.3 million) and selling, general and administrative expenses ($3.6 million). All three of these items are discussed in greater detail below. In addition, operating profit in 1996 was also impacted by a $3.0 million benefit from a litigation settlement offset 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, excluding restructuring credits, the effects of the Evergreen Settlement and the adoption of SFAS No. 121, is analyzed as follows:

(In thousands) Years Ended December 31	1997	1996	1995
Net coal sales (a)	$604,140	670,121	702,864
Current production cost of coal sold (a)	558,658	634,754	648,383
Coal margin	45,482	35,367	54,481
Non-coal margin	2,465	2,177	749
Other operating income, net	10,351	13,108	22,916
Margin and other income	58,298	50,652	78,146
Other costs and expenses:			
Idle equipment and closed mines	2,309	1,044	9,980
Inactive employee cost	27,419	26,300	22,620
Selling, general and administrative	19,457	20,625	22,415
Total other costs and expenses	49,185	47,969	55,015
Operating profit (before restructuring and other credits) (b)	$ 9,113	2,683	23,131
Coal margin per ton:			
Realization	$ 29.52	29.17	28.81
Current production costs	27.29	27.63	26.58
Coal margin	$ 2.23	1.54	2.23

(a) Excludes non-coal components

(b) Restructuring and other credits in 1997 consist of a benefit from excess restructuring liabilities of $3,104. Restructuring and other credits 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, including litigation accrual".

Sales volume of 20.5 million tons in 1997 was 2.5 million tons less than the 23.0 million tons sold in 1996. Compared to 1996, steam coal sales in 1997 decreased by 2.0 million tons (14%), to 12.8 million tons and metallurgical coal sales declined by 0.5 million tons (6%), to 7.7 million tons. The steam sales reduction was due to the expiration of certain long-term contracts coupled with reduced spot sales. Steam coal sales represented 63% of total volume in 1997 and 65% in 1996.

For 1997, coal margin was $45.5 million, an increase of $10.1 million over 1996. Coal margin per ton increased to $2.23 per ton in 1997 from $1.54 per ton for 1996, due to a combination of a $0.35 per ton increase in realization and a $0.34 per ton decrease in the current production cost of coal sold. The increase in average realization per ton was due to an increase in steam realization as the majority of steam coal production is sold under long-term contracts containing price escalation provisions. This increase was partially offset by a decrease in the metallurgical coal realization due to lower average price settlements with metallurgical customers for the contract year which began on April 1, 1997. Expectations are that 1998 realizations on metallurgical coal sales will not significantly vary from 1997 levels.

The current production cost of coal sold for 1997 was $27.29 per ton as compared with $27.63 per ton for 1996. Production costs in 1997 were favorably impacted by lower surface mine costs per ton partially offset by higher per ton deep mine costs. In addition, 1997 production costs benefited from decreases in employee benefit and reclamation liabilities. Production for 1997 totaled 16.6 million tons, consistent with 1996 production of 16.7 million tons. Surface production accounted for 63% and 68% of the total volume in 1997 and 1996, respectively. Productivity of 37.6 tons per man day in 1997 was equal to that of 1996.

Non-coal margin was $2.5 million for 1997, an increase of $0.3 million, which largely reflects the impact of changes in natural gas prices over 1996. Other operating income was $10.4 million for 1997, a decrease of $2.8 million from 1996. Included in 1996 was a one-time benefit of $3.0 million from a litigation settlement.

Idle equipment and closed mine costs increased by $1.3 million in 1997 versus 1996. Inactive employee costs, which primarily represent long-term employee liabilities for pension and retiree medical costs were higher in 1997 as compared to 1996, increasing by $1.1 million. Selling, general and administrative expenses declined by $1.2 million (6%) in 1997 as compared to 1996 as a result of Coal Operations cost control efforts.

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.

The increase in the current production cost per ton of coal sold for 1996 was 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, reclamation and environmental liabilities. 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 68% and 70% of the total production volume in 1996 and 1995, respectively. Productivity of 37.6 tons per man day represented a slight increase from 1995.

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 $13.1 million in 1996, $9.8 million less than 1995. The higher level of income recorded in 1995 reflected 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 $3.7 million to $26.3 million in 1996. The unfavorable variance was 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 $1.8 million (8%) in 1996 over the 1995 year.

At December 31, 1997, Coal Operations had a liability of $30.8 million for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Coal Operations will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted, at December 31, 1997, should be sufficient to provide for these future costs. Management does not

anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions and favorable workers' compensation claim developments, Coal Operations reversed $3.1 million and $11.7 million of the reserve in 1997 and 1996, respectively. The 1996 reversal included $4.8 million related to estimated mine and plant closures, primarily reclamation, and $6.9 million in employee severance and other benefit costs. The entire 1997 reversal related to workers' compensation claim reserves.

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

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1994	$3,787	38,256	43,372	85,415
Payments (a)	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 (b)	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
Reversals			3,104	3,104
Payments (d)	376	1,764	2,010	4,150
Other	--	468	(468)	--
Balance December 31, 1997	$ --	11,143	19,703	30,846

(a) 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.

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

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

(d) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $4 to $6 million. The liability for mine and plant closure costs is expected to be satisfied over the next nine years, of which approximately 40% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to nine 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 1997, 1996 and 1995, these amounts, on a pretax basis, were approximately $9.3 million, $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 $9 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, 1997 at approximately $200 million, which when discounted at 7.5% 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 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Minerals Group recognized in 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 and third payments were paid according to schedule, and were 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 1996 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. No such charge was incurred in 1997.

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)	1997	1996	1995
		Years Ended December 31	
Stawell Gold Mine			
Gold sales	$17,714	19,071	16,449
Other revenue	5	49	151
Net sales	17,719	19,120	16,600
Cost of sales(a)	14,242	13,898	12,554
Selling, general and administrative(a)	1,242	1,124	1,025
Total costs and expenses	15,484	15,022	13,579
Operating profit-Stawell Gold Mine	2,235	4,098	3,021
Other operating expense, net	(4,305)	(2,479)	(2,814)
Operating (loss) profit	$(2,070)	1,619	207

(Dollars in thousands, except per ounce data)	1997	1996	1995
		Years Ended December 31	
Stawell Gold Mine:			
Mineral Ventures' 50% direct share:			
Ounces sold	42,024	45,957	40,302
Ounces produced	42,301	45,443	40,606
Average per ounce sold (US$):			
Realization(b)	$ 422	415	408
Cash cost	302	287	297

(a) Excludes $93 and $3,543 of non-Stawell related cost of sales and selling, general and administrative expenses, respectively, for 1997. Excludes $94 and $2,691 of non-Stawell related cost of sales and selling, general and administrative expenses, respectively, for 1996. Excludes $120 and $2,545 of non-Stawell related cost of sales and selling, general and administrative expenses, respectively, for 1995. Such costs are reclassified to cost of sales and selling, general and administrative expenses in the Minerals Group statement of operations.

(b) 1997 includes proceeds from the liquidation of a gold forward sale hedge position in July 1997. The proceeds from this liquidation were fully recognized by December 31, 1997.

Mineral Ventures, which primarily consists of a 50% direct and a 17% indirect interest in the Stawell gold mine ("Stawell") in western Victoria, Australia, generated an operating loss of $2.1 million in 1997 as compared to an operating profit of $1.6 million in 1996. Mineral Ventures' 50% direct interest in Stawell's operations generated net sales of $17.7 million in 1997 compared to $19.1 million in 1996 as the ounces of gold sold decreased 9% from 46.0 thousand ounces to 42.0 thousand ounces. The operating profit at Stawell of $2.2 million was $1.9 million lower than the operating profit of $4.1 million in 1996, reflecting a $15 per ounce increase (5%) in the cash cost of gold sold offset by a $7 per ounce increase (2%) in average realization. Stawell's operating costs in 1997 were negatively impacted by the collapse during construction of a new ventilation shaft that resulted in a write-off of $1.0 million, approximately

$0.75 million, of which, is attributed to Mineral Ventures' 50% direct interest in Stawell with the remainder attributed to Mineral Ventures' 17% indirect interest in Stawell. Stawell's results were also negatively impacted by unfavorable ground conditions through the first half of 1997, and lower production and higher costs during the year resulting from the collapse of the aforementioned ventilation shaft.

Mineral Ventures generated an operating profit of $1.6 million in 1996 as compared to the $0.2 million reported in 1995. Mineral Ventures' 50% direct interest in Stawell's operations generated $19.1 million in gold sales in 1996 as compared with $16.4 million in 1995 as the ounces of gold sold increased 14% from 40.3 thousand ounces to 46.0 thousand ounces. The operating profit at Stawell increased from $3.0 million in 1995 to $4.1 million in 1996 reflecting a combination of a $7 per ounce increase in realization and a $10 per ounce decrease in the cash cost per ounce of gold sold. Operating costs in 1996 were lower than 1995, where operating costs were impacted by adverse geological conditions at the mine.

In July 1997, in reaction to the continued decline in the market price of gold, Mineral Ventures closed a gold forward sale hedge position relating to 16,397 ounces and realized proceeds of $2.6 million. These proceeds, which equate to approximately $160 per ounce were recognized for accounting purposes as ounces of gold were sold in the market. The full amount of these proceeds was recognized by December 31, 1997. As of December 31, 1997, approximately 19% of Mineral Ventures' proven and probable reserves had been sold forward under forward sales contracts that mature periodically through mid-1999. These contracts should result in an average realization of between $325 and $330 per ounce of gold sold through the end of 1998. At that time, realization will be dependent on the spot market or new contract hedge positions.

At December 31, 1997, remaining proven and probable gold reserves at the Stawell mine were estimated at 438,000 ounces. The joint venture also has exploration rights in the highly prospective district around the mine.

Other operating expense, net, includes equity earnings from joint ventures, primarily consisting of Mineral Ventures' 17% indirect interest in Stawell's operations and gold exploration costs for all operations excluding Stawell. Other operating expenses increased by $1.8 million and decreased by $0.3 million in 1997 and 1996, respectively, primarily due to joint venture losses. In addition, gold exploration costs increased from 1996 and are being incurred by Mineral Ventures in Nevada and Australia with its joint venture partners.

In addition to its interest in Stawell, Mineral Ventures has 17% indirect interest in the Silver Swan base metals property in Western Australia. The initial mining and commissioning of nickel at Silver Swan has proceeded according to plan and, after some customer delays, production and shipping schedules are also on plan.

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.

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

Corporate Expenses

A portion of the Company's corporate general and administrative expenses and other shared services has been allocated to the Minerals Group based upon utilization and other methods and criteria which management believes to be an equitable and a reasonable estimate of the cost attributable to the Minerals Group. These attributions were $6.0 million, $6.6 million and $7.3 million in 1997, 1996 and 1995, respectively.

The higher 1996 corporate expenses were primarily due to 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 $0.9 million of these costs were attributed to the Minerals Group. In addition, such expenses excluding the relocation costs, decreased in 1997 and 1996 over 1995 due to a lower proportion of services attributable to the Minerals Group somewhat offset by higher general corporate expenses.

Corporate expenses for the first quarter of 1998 will reflect approximately $6 million related to payments or accruals being made pursuant to the retirement agreement between the Company and Joseph C. Farrell, former Chairman, President and Chief Executive Officer of the Company. Approximately $1.8 million of those expenses will be attributed to the Minerals Group.

Other Operating Income, Net

Other net operating income decreased $3.7 million and $9.4 million, in 1997 and 1996, respectively. Other operating income for the Minerals Group principally includes royalty income and gains and losses from sales of coal assets. The decrease in 1997 versus 1996 is due to a $3.0 million one-time benefit related to a litigation settlement. The decrease in 1996 compared to 1995 was largely due to decreased income from sales of coal assets in 1996.

Interest Expense

Interest expense in 1997 increased $0.2 million to $10.9 million from $10.7 million in 1996 and increased $0.2 million in 1996 from $10.5 million in 1995. Interest expense increased in both years due to slight fluctuations in interest rates on borrowings under revolving credit facilities.

Income Taxes

In 1997, 1996 and 1995, a credit for income taxes was recorded due to the tax benefits of percentage depletion which can be used by the Company. Also a factor in the credit for income taxes recorded in 1997 was the generation of a pretax loss.

FINANCIAL CONDITION

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

equitable and a reasonable estimate of the costs attributable to the Minerals Group.

Corporate assets which were attributed to the Minerals Group consisted primarily of pension assets and deferred income taxes and amounted to $84.2 million and $89.4 million at December 31, 1997 and 1996, respectively.

Cash Flow Requirements

Cash provided by operating activities amounted to $49.6 million in 1997 compared to $19.8 million in 1996. The increase in cash provided by operating activities in 1997 is due, in part, to an increase in accounts receivable collections over 1996, as well as to the increased sale of extended term receivables. 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 No.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 and third Evergreen Case settlement payments of $7.0 million and $8.5 million were paid from operating cash in 1996 and 1997, respectively.

Cash flow from operating activities in 1997 and 1996 was also positively impacted for tax payments received from the Burlington and Brink's Groups, in the amounts of $10.3 million and $15.8 million, respectively. Such payments represent Minerals Group's tax benefits utilized by the Burlington and Brink's Groups and are settled in accordance with the Company's tax sharing policy. Funding requirements for long-term inactive employee liabilities amounted to approximately $40 million in 1997, compared to $45 million in 1996.

Cash flow provided by operating activities was sufficient to fund capital expenditures, net repayments to the Brink's and Burlington Groups and share activity. These activities, combined with a net reduction of external debt of $8.7 million, resulted in an essentially unchanged position in cash and cash equivalents.

Capital Expenditures

Cash capital expenditures for 1997 and 1996 totaled $26.4 million and $23.6 million, respectively. In 1997, Mineral Ventures and Coal Operations spent $3.9 million and $22.4 million, respectively. Additional expenditures financed through capital leases amounted to $0.6 million and $1.0 million in 1997 and 1996, respectively. The majority of expenditures by Coal Operations were for replacement and maintenance of current ongoing mining operations. The majority of Mineral Ventures expenditures related to project development.

In 1998, cash capital expenditures are expected to approximate $25 million. The 1998 estimated expenditures essentially equal those of 1997 and also relate to the maintenance of current ongoing mining operations.

Financing

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

Total debt outstanding at December 31, 1997 was $116.7 million, a decrease of $8.3 million from the $125.0 million outstanding at December 31, 1996. The decrease in borrowings is due to increases in available cash flow used for repayment of outstanding amounts.

The Company has a $350.0 million credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100.0 million term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250.0 million. The maturity date of both the term loan and the revolving credit portion of the Facility is May 31, 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. At December 31, 1997 and 1996, borrowings of $100.0 million were outstanding under the term loan portion of the Facility and $25.9 million and $23.2 million, respectively, of additional borrowings were outstanding under the remainder of the Facility. Of the total outstanding amount under the Facility at December 31, 1997, $115.0 million was attributed to the Minerals Group. At December 31, 1996, all borrowings under the Facility were attributed to the Minerals Group.

Under the terms of the Facility, the Company has agreed to maintain at least $400.0 million of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $610 million at December 31, 1997.

Related Party Transactions

At December 31, 1997, under interest bearing borrowing arrangements, the Minerals Group owed the Brink's Group $27.0 million, an increase of $3.0 million from the $24.0 million owed at December 31, 1996. The Minerals Group also owed the Burlington Group $7.7 million at December 31, 1996 all of which was repaid during 1997.

At year-end 1997 and 1996, the Brink's Group owed the Minerals Group $19.4 million and $18.8 million, respectively, for tax benefits. Approximately $19.0 million of the amounts owed at December 31, 1997 is expected to be paid within one year. Also at December 31, 1997 and 1996, the Burlington Group owed the Minerals Group $18.2 million and $24.3 million, respectively, for tax benefits, of which $5.0 million of the amounts owed at December 31, 1997 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 the counterparties to major financial institutions. The Company does not expect any losses due to such counterparty default.

Foreign currency forward contracts--The Company, on behalf of the Minerals Group, enters into foreign currency forward contracts, from time to time, with a duration of up to two years as a hedge against liabilities denominated in the Australian dollar. These contracts minimize the Minerals Group's exposure to exchange rate movements related to cash requirements of Australian operations denominated in Australian dollars. At December 31, 1997, the notional value of foreign currency forward contracts outstanding was $19.6 million and the fair value approximated notional value.

Gold contracts--In order to protect itself against downward movements in gold prices, the Company, on behalf of the Minerals Group, hedges a portion of its share of gold sales from the Stawell gold mine primarily through forward sales contracts. At December 31, 1997, 41,500 ounces of gold, representing approximately 19% of the Minerals Group's share of Stawell's proven and probable reserves, were sold forward under forward sales contracts that mature periodically through mid-1999. Because only a portion of its future production is currently sold forward, the Minerals Group can take advantage of increases and is exposed to decreases in the spot price of gold. At December 31, 1997, the fair value of the Minerals Group's forward sales contracts was not significant.

Interest rate contracts--The Company has two interest rate swap agreements which effectively convert a portion of its $100.0 million variable rate term loan to fixed rates. During 1995, the Company entered into an agreement maturing in July 1998, which fixes the Company's interest rate at 5.80% on $20.0 million in face amount of debt. During 1996, the Company entered into another variable to fixed interest rate swap agreement, maturing in February 1998, which fixes the Company's interest rate at 4.9% on an initial face amount of debt of $5.0 million. The notional amount increased by $5.0 million each quarter through the first quarter of 1997. The notional amount outstanding at December 31, 1997 was $20.0 million.

Fuel contracts--The Company, on behalf of the Minerals Group, has hedged a portion of its diesel fuel requirements through several commodity option transactions that are intended to protect against significant increases in diesel fuel prices. At December 31, 1997, these transactions aggregated 8.7 million gallons and mature periodically throughout 1998. 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, 1997 the fair value of these contracts was not significant.

Readiness For Year 2000

The Minerals Group has taken actions to understand the nature and extent of the work required to make its systems, products and infrastructures Year 2000 compliant. As these efforts progress, the Minerals Group continues to evaluate the estimated costs associated with these efforts. Based upon its most recent estimates and its anticipated capital spending, the Minerals Group does not anticipate that it will incur any material costs in preparing for the Year 2000. The Minerals Group believes, based on available information, that it will be able to manage its total Year 2000 transition without any material adverse effect on its business operations, products or financial condition. However, if the applicable modifications and conversions are not made, or are not completed on a timely basis, the Year 2000 issue could have a material adverse impact on the operations of the Minerals Group. Further, management is currently evaluating the extent to which the Minerals Group's interface systems are vulnerable to its suppliers' and customers' failure to remediate their own Year 2000 issues as there is no guarantee that the systems of other companies on which the Minerals Group's systems rely will be timely and adequately converted.

Contingent Liabilities

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6.6 million and $11.9 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 clean-up estimates have been modified from prior years' in light of cost inflation and certain assumptions the Company is making with respect to the end use of the property. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, 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. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the event the parties are unable to settle the dispute, the case is scheduled to be tried beginning September, 1998. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law, and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for is immaterial.

Capitalization

The Company has three classes of common stock: Minerals Stock; Pittston Brink's Group Common Stock ("Brink's Stock") and Pittston Burlington Group Common Stock ("Burlington Stock") which were designed to provide shareholders with separate securities reflecting the performance of the Minerals Group, Brink's Group and Burlington Group, respectively, without diminishing the benefits of remaining a single corporation or precluding future transactions affecting any of the Groups. The Minerals Group consists of the Coal Operations and Mineral Ventures operations of the Company. The Brink's Group consists of the Brink's, Incorporated ("Brink's") and the Brink's Home Security, Inc. ("BHS") operations of the Company. The Burlington Group consists of BAX Global Inc. ("BAX Global") operations of the Company. The Company prepares separate financial statements for the Minerals, Brink's and Burlington Groups in addition to consolidated financial information of the Company.

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

Under the share repurchase programs authorized by the Board of Directors of the Company (the "Board"), the Company purchased shares in the periods presented as follows:

	Years Ended December 31	
(Dollars in millions)	1997	1996
Convertible Preferred Stock:		
Shares	1,515	20,920
Cost	$ 0.6	7.9
Excess carrying amount (a)	$ 0.1	2.1

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years which is deducted from preferred dividends in the Minerals Group and Company's Statements of Operations.

In May 1997, the Board authorized an increase in the remaining repurchasing authority with respect to Convertible Preferred Stock to $25.0 million, leaving the Company the remaining authority to repurchase an additional $24.4 million of such stock at December 31, 1997. As of December 31, 1997, the Company had remaining authority to purchase over time 1 million shares of Pittston Minerals Group Common Stock. The aggregate purchase price for all common stock was $24.9 million at December 31, 1997. The authority to repurchase shares remains in effect in 1998.

Dividends

The Board intends to declare and pay dividends, if any, on Minerals Stock based on the earnings, financial condition, cash flow and business requirements of the Minerals Group. Since the Company remains subject to Virginia law limitations on dividends, losses incurred by the Brink's and 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. The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31, 1997, the Available Minerals Dividend Amount was at least $15.2 million.

Since its distribution of Minerals Stock in 1993, the Company has paid a cash dividend to its Minerals Stock shareholders at an annual rate of $0.65 per share, despite a mixed record of earnings and cash flows for the Minerals Group. The Company continues its focus on the financial and capital needs of the Minerals Group companies and, as always, is considering all strategic uses of available cash, including the dividend rate, with a view towards maximizing long-term shareholder value.

During 1997 and 1996, the Board declared and the Company paid dividends of 65 cents per share of Minerals Stock. In 1997 and 1996, dividends paid on the cumulative convertible preferred stock were $3.6 million and $3.8 million, respectively.

Accounting Changes

In 1997, the Minerals Group implemented Statement of Financial Accounting Standards ("SFAS") No. 128 "Earnings Per Share." SFAS No. 128 replaced the calculation of primary and fully diluted net income per share with basic and diluted net income per share (Note 10). Unlike primary net income per share, basic net income per share excludes any dilutive effects of options, warrants and convertible securities. Diluted net income per share is very similar to the previous fully diluted net income per share. All prior-period net income per share data has been restated to conform with the provisions of SFAS No. 128.

Pending Accounting Changes

The Minerals Group will implement the following new accounting standards.

Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income", will be implemented in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders. With the exception of foreign currency translation adjustments, such changes are not significant to the Minerals Group.

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", will be implemented in the financial statements for the year ended December 31, 1998. SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of this SFAS is not expected to have a material impact on the financial statements of the Minerals Group.

Forward Looking Information

Certain of the matters discussed herein, including statements regarding the Company's readiness for Year 2000, and expectations with regard to future realizations on metallurgical coal and gold sales involve forward looking information which is subject to known and unknown risks, uncertainties and contingencies which could cause actual results, performance and achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Minerals Group and the Company, include, but are not limited to, overall economic and business conditions, the demand for the Minerals Group's products, geological conditions, pricing, the ability of counterparties to perform and other competitive factors in the industry, new government regulations, changes in the scope of Year 2000 initiatives and delays or problems in the implementation of Year 2000 initiatives by the Minerals Group and/or its suppliers and customers.

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 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 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, 1997 and 1996, 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, 1997. 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, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1997, 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
Stamford, Connecticut

January 28, 1998

The Pittston Company and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	December 31	
(Dollars in thousands, except per share amounts)	1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 69,878	41,217
Short-term investments	2,227	1,856
Accounts receivable:		
Trade (Note 3)	520,817	459,366
Other	32,485	32,609
	553,302	491,975
Less estimated amount uncollectible	21,985	16,116
	531,317	475,859
Coal inventory	31,644	26,495
Other inventory	8,530	10,632
	40,174	37,127
Prepaid expenses	32,767	32,798
Deferred income taxes (Note 6)	50,442	49,557
Total current assets	726,805	638,414
Property, plant and equipment, at cost (Notes 1 and 4)	1,167,300	998,607
Less accumulated depreciation, depletion and amortization	519,658	457,756
	647,642	540,851
Intangibles, net of accumulated amortization (Notes 1, 5 and 11)	301,395	317,062
Deferred pension assets (Note 14)	123,138	124,241
Deferred income taxes (Note 6)	47,826	58,690
Other assets	149,138	153,345
Total assets	$ 1,995,944	1,832,603
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 40,144	31,669
Current maturities of long-term debt (Note 7)	11,299	5,450
Accounts payable	281,411	271,296
Accrued liabilities:		
Taxes	45,785	37,774
Workers' compensation and other claims	32,048	33,557
Payroll and vacation	62,029	39,160
Miscellaneous (Note 14)	170,957	169,785
	310,819	280,276
Total current liabilities	643,673	588,691
Long-term debt, less current maturities (Note 7)	191,812	158,837
Postretirement benefits other than pensions (Note 14)	231,451	226,697
Workers' compensation and other claims	106,378	116,893
Deferred income taxes (Note 6)	17,157	15,075
Other liabilities	119,855	119,703
Commitments and contingent liabilities (Notes 7, 12, 13, 14, 18 and 19)		
Shareholders' equity (Notes 9 and 10):		
Preferred stock, par value $10 per share, Authorized: 2,000,000 shares $31.25		
Series C Cumulative Convertible Preferred Stock, Issued: 1997--113,845 shares; 1996 115,360 shares	1,138	1,154
Pittston Brink's Group common stock, par value $1 per share: Authorized: 100,000,000 shares Issued: 1997--41,129,679 shares; 1996 41,295,743 shares	41,130	41,296
Pittston Burlington Group common stock, par value $1 per share: Authorized: 50,000,000 shares Issued: 1997--20,378,000 shares; 1996 20,711,272 shares	20,378	20,711
Pittston Minerals Group common stock, par value $1 per share: Authorized: 20,000,000 shares Issued: 1997--8,405,908 shares; 1996 8,405,908 shares	8,406	8,406
Capital in excess of par value	430,970	400,135
Retained earnings	359,940	273,118
Equity adjustment from foreign currency translation	(41,762)	(21,188)
Employee benefits trust, at market value (Note 10)	(134,582)	(116,925)
Total shareholders' equity	685,618	606,707
Total liabilities and shareholders' equity	$ 1,995,944	1,832,603

See accompanying notes to consolidated financial statements.

The Pittston Company and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31		
(In thousands, except per share amounts)	1997	1996	1995
Net sales	$ 630,626	696,513	722,851
Operating revenues	2,763,772	2,394,682	2,191,590
Net sales and operating revenues	3,394,398	3,091,195	2,914,441
Costs and expenses:			
Cost of sales	609,025	707,497	696,295
Operating expenses	2,270,341	1,989,149	1,833,778
Selling, general and administrative expenses	344,008	292,718	263,365
Restructuring and other credits, including litigation accrual (Notes 15 and 18)	(3,104)	(47,299)	--
Total costs and expenses	3,220,270	2,942,065	2,793,438
Other operating income, net (Note 16)	14,000	17,377	26,496
Operating profit	188,128	166,507	147,499
Interest income	4,394	3,487	3,395
Interest expense	(27,119)	(14,074)	(14,253)
Other expense, net	(7,148)	(9,224)	(6,305)
Income before income taxes	158,255	146,696	130,336
Provision for income taxes (Note 6)	48,057	42,542	32,364
Net income	110,198	104,154	97,972
Preferred stock dividends, net (Notes 8 and 10)	(3,481)	(1,675)	(2,762)
Net income attributed to common shares	$ 106,717	102,479	95,210
Pittston Brink's Group (Note 1):			
Net income	$ 73,622	59,695	51,093
Net income per common share (Note 8):			
Basic	$ 1.92	1.56	1.35
Diluted	1.90	1.54	1.33
Average common shares outstanding (Note 8):			
Basic	38,273	38,200	37,931
Diluted	38,791	38,682	38,367
Pittston Burlington Group (Note 1):			
Net income	$ 32,348	33,801	32,855
Net income per common share (Note 8):			
Basic	$ 1.66	1.76	1.73
Diluted	1.62	1.72	1.68
Average common shares outstanding (Note 8) :			
Basic	19,448	19,223	18,966
Diluted	19,993	19,681	19,596
Pittston Minerals Group (Note 1):			
Net income attributed to common shares	$ 747	8,983	11,262
Net income per common share (Note 8):			
Basic	$ 0.09	1.14	1.45
Diluted	0.09	1.08	1.40
Average common shares outstanding (Note 8):			
Basic	8,076	7,897	7,786
Diluted	8,102	9,884	10,001

See accompanying notes to consolidated financial statements

The Pittston Company and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years Ended December 31, 1997, 1996 and 1995

(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	Equity Adjustment from Foreign Currency Translation	Employee Benefits Trust
Balance at December 31, 1994	$ 1,526	41,595	20,798	8,390	399,672	107,739	(14,276)	(117,629)
Net income	--	--	--	--	--	97,972	--	--
Stock options exercised (Note 9)	--	125	62	95	2,581	--	--	--
Tax benefit of stock options exercised (Note 6)	--	--	--	--	720	--	--	--
Foreign currency translation adjustment	--	--	--	--	--	--	(6,429)	--
Remeasurement of employee benefits trust	--	--	--	--	9,947	--	--	(9,947)
Shares released from employee benefits trust to employee benefit plan (Note 10)	--	--	--	--	(993)	--	--	7,770
Retirement of stock under share repurchase programs (Note 10)	(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 10)	--	--	--	--	--	(17,131)	--	--
Balance at December 31, 1995	1,362	41,574	20,787	8,406	401,633	188,728	(20,705)	(119,806)
Net income	--	--	--	--	--	104,154	--	--
Tax benefit of stock options exercised (Note 6)	--	--	--	--	1,734	--	--	--
Cost of Brink's Stock Proposal (Note 10)	--	--	--	--	(2,475)	--	--	--
Foreign currency translation adjustment	--	--	--	--	--	--	(483)	--
Remeasurement of employee benefits trust	--	--	--	--	20,481	--	--	(20,481)
Shares released from employee benefits trust (Notes 9 and 10)	--	--	--	--	(7,659)	--	--	23,362
Retirement of stock under share repurchase programs (Note 10)	(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 10)	--	--	--	--	--	(17,668)	--	--
Balance at December 31, 1996	1,154	41,296	20,711	8,406	400,135	273,118	(21,188)	(116,925)
Net income	--	--	--	--	--	110,198	--	--
Tax benefit of stock options exercised (Note 6)	--	--	--	--	2,045	--	--	--
Foreign currency translation adjustment	--	--	--	--	--	--	(20,574)	--
Remeasurement of employee benefits trust	--	--	--	--	42,118	--	--	(42,118)
Shares released from employee benefits trust (Notes 9 and 10)	--	--	--	--	(7,522)	--	--	24,461
Retirement of stock under share repurchase programs (Note 10)	(16)	(166)	(333)	--	(5,806)	(6,052)	--	--
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 10)	--	--	--	--	--	(17,324)	--	--
Balance at December 31, 1997	$1,138	41,130	20,378	8,406	430,970	359,940	(41,762)	(134,582)

See accompanying notes to consolidated financial statements

The Pittston Company and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
(In thousands)	1997	1996	1995
Cash flows from operating activities:			
Net income	$ 110,198	104,154	97,972
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash charges and other write-offs	--	29,948	--
Depreciation, depletion and amortization	128,751	114,618	106,369
Provision for aircraft heavy maintenance	34,057	32,057	26,317
Provision for deferred income taxes	10,611	19,320	11,115
Provision (credit) for pensions, noncurrent	243	935	(3,762)
Provision for uncollectible accounts receivable	10,664	7,687	5,762
Equity in losses (earnings) of unconsolidated affiliates, net of dividends received	2,927	(2,183)	2,306
Minority interest expense	5,467	3,896	1,710
Gain on sale of property, plant and equipment	(2,432)	2,835	(6,542)
Other operating, net	8,646	6,105	3,206
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	(39,697)	(53,885)	(38,628)
(Increase) decrease in inventories	(2,963)	9,271	(12,026)
Decrease (increase) in prepaid expenses	325	(1,869)	(2,157)
Increase in accounts payable and accrued liabilities	32,562	382	4,491
(Increase) decrease in other assets	(11,084)	(7,907)	326
Decrease in workers' compensation and other claims, noncurrent	(11,109)	(9,002)	(15,212)
Decrease in other liabilities	(5,859)	(53,522)	(22,458)
Other, net	(3,198)	(499)	(2,254)
Net cash provided by operating activities	268,109	196,671	156,535
Cash flows from investing activities:			
Additions to property, plant and equipment	(173,768)	(180,651)	(126,465)
Proceeds from disposal of property, plant and equipment	4,064	11,310	22,539
Aircraft heavy maintenance expenditures	(29,748)	(23,373)	(22,356)
Acquisitions, net of cash acquired, and related contingency payments	(65,494)	(4,078)	(3,372)
Other, net	7,589	5,181	1,182
Net cash used by investing activities	(257,357)	(191,611)	(126,472)
Cash flows from financing activities:			
Additions to debt	158,021	28,642	29,866
Reductions of debt	(116,030)	(14,642)	(25,891)
Repurchase of stock of the Company	(12,373)	(16,237)	(10,608)
Proceeds from exercise of stock options and employee stock purchase plan	4,708	5,487	4,261
Dividends paid	(16,417)	(17,441)	(17,186)
Cost of stock proposal	--	(2,475)	--
Net cash provided (used) by financing activities	17,909	(16,666)	(19,558)
Net increase (decrease) in cash and cash equivalents	28,661	(11,606)	10,505
Cash and cash equivalents at beginning of year	41,217	52,823	42,318
Cash and cash equivalents at end of year	$ 69,878	41,217	52,823

See accompanying notes to consolidated financial statements

The Pittston Company and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

As used herein, the "Company" includes The Pittston Company and its direct and indirect subsidiaries, except as otherwise indicated by the context. The Company is comprised of three separate groups - Pittston Brink's Group, Pittston Burlington Group, and Pittston Minerals 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 BAX Global Inc. ("BAX Global") operations of the Company. The Pittston Minerals Group consists of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company. The Company prepares separate financial 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 unless control exists, in which case, consolidation occurs. All material intercompany items and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

Cash and Cash Equivalents

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

Short-term Investments

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

Inventories

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

Property, Plant and Equipment

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

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

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

Subscriber installation costs for home security systems provided by BHS are capitalized and depreciated over the estimated life of the assets and are included in machinery and equipment. The security system that is installed remains the property of BHS and is capitalized at the cost to bring the revenue producing asset to its intended use. When an installation is identified for disconnection, the remaining net book value of the installation is fully 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 Statement of Financial Accounting Standards ("SFAS") No. 121. If such tests indicate that an impairment exists, the carrying amount of the identified goodwill would be eliminated before making any reduction of the carrying amounts of impaired long-lived assets.

Coal Supply Contracts

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

Income Taxes

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse.

Pneumoconiosis (Black Lung) Expense

The Company acts as self-insurer with respect to almost all black lung benefits. Provision is made for estimated benefits based on annual actuarial reports prepared by outside actuaries. The excess of the present value of expected future benefits over the accumulated book reserves is recognized over the amortization period as a level percentage of payroll. Cumulative actuarial gains or losses are calculated periodically and amortized on a straight-line basis. Assumptions used in the calculation of the actuarial present value of black lung benefits are based on actual retirement experience of the Company's coal employees, black lung claims incidence for active miners, actual dependent information, industry turnover rates, actual medical and legal cost experience and projected inflation rates. As of December 31, 1997 and 1996, the actuarially determined value of estimated future black lung benefits discounted at 6% was approximately $55,000 and $57,000, respectively, and is included in workers' compensation and other claims. Based on actuarial data, the amount credited to operations was $2,451 in 1997, $2,216 in 1996 and $1,402 in 1995. 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 $1,936 in 1997, $1,849 in 1996 and $2,569 in 1995.

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 SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

Accounting for Stock Based Compensation

The Company has implemented the disclosure-only provisions of SFAS No. 123 "Accounting for Stock Based Compensation" (Note 9). The Company continues to measure compensation expense for its stock-based compensation plans using the intrinsic value based methods of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries have been translated at 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. The Company also utilizes other financial instruments to protect against adverse price movements in gold, which the Company produces, and jet fuel and diesel fuel which the Company consumes as well as interest rate changes in certain variable rate obligations.

Gains and losses on these contracts, designated as effective hedges, are deferred and recognized as part of the specific transaction hedged. Since they are accounted for as hedges, the fair value of these contracts is not recognized in the Company's Financial Statements. Gains or losses resulting from the early termination of such contracts are deferred and amortized as an adjustment to the currency transaction hedged, the realization on gold sales, the yield of variable rate obligations, or the cost of diesel and jet fuel over the remaining period originally covered by

the terminated contracts. In addition, if the underlying items being hedged were retired prior to maturity, the unamortized gain or loss resulting from the early termination of the related interest rate swap would be included in the gain or loss on the extinguishment of the obligation.

Revenue Recognition

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.

BAX Global--Revenues related to transportation services are recognized, together with related transportation costs, on the date shipments physically depart from facilities en route to destination locations. 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.

Net Income Per Share

Basic and diluted net income per share for the Brink's Group and the Burlington Group are computed by dividing net income for each Group by the basic weighted-average common shares outstanding and the diluted weighted-average common shares outstanding, respectively. Diluted weighted-average common shares outstanding includes additional shares assuming the exercise of stock options. However, when the exercise of stock options is antidilutive, they are excluded from the calculation.

Basic net income per share for the Minerals Group is computed by dividing net income attributed to common shares (net income less preferred stock dividends) by the basic weighted-average common shares outstanding. Diluted net income per share for the Minerals Group is computed by dividing net income by the diluted weighted-average common shares outstanding. Diluted weighted-average common shares outstanding includes additional shares assuming the exercise of stock options and the conversion of the Company's $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). However, when the exercise of stock options or the conversion of Convertible Preferred Stock is antidilutive, they are excluded from the calculation.

The shares of Brink's Stock, Burlington Stock and Minerals Stock held in the Pittston Company Employee Benefits Trust ("the Trust" - See Note 10) are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations.

Use of Estimates

In accordance with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

Accounting Changes

In 1997, the Company adopted SFAS No. 128 "Earnings Per Share." SFAS No. 128 replaced the calculation of primary and fully diluted net income per share with basic and diluted net income per share (Note 8). Unlike primary net income per share, basic net income per share excludes any dilutive effects of options, warrants and convertible securities. Diluted net income per share is very similar to the previous fully diluted net income per share. All prior-period net income per share data has been restated to conform with the provisions of SFAS No. 128.

In 1996, the Company adopted 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.

Pending Accounting Changes

The Company will implement SFAS No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all

changes in shareholders' equity except those resulting from investments by or distributions to shareholders. With the exception of foreign currency translation adjustments, such changes are not significant to the Company.

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", will be implemented in the financial statements for the year ended December 31, 1998. SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of this SFAS is not expected to have a material impact on the financial statements of the Company.

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 quality financial institutions. Also, by policy, the Company limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Company's customer base, and their dispersion across many different industries and geographic areas. Credit limits, ongoing credit evaluation and account monitoring procedures are utilized to minimize the risk of loss from nonperformance on trade receivables.

The following details the fair values of 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, from time to time, with a duration of up to two years as a hedge against liabilities denominated in various currencies. These contracts minimize the Company's exposure to exchange rate movements related to cash requirements of foreign operations denominated in various currencies. At December 31, 1997, the total notional value of foreign currency forward contracts outstanding was $21,794 and the fair value of the forward contracts approximated notional value.

Gold contracts--In order to protect itself against downward movements in gold prices, the Company hedges a portion of its share of gold sales from the Stawell gold mine primarily through forward sales contracts. At December 31, 1997, 41,500 ounces of gold, representing approximately 19% of the Company's share of Stawell's proven and probable reserves, were sold forward under forward sales contracts that mature periodically through mid-1999. Because only a portion of its future production is currently sold forward, the Company can take advantage of increases and is exposed to decreases in the spot price of gold. At December 31, 1997, the fair value of the Company's forward sales contracts was not significant.

Fuel contracts--The Company has hedged a portion of its jet fuel and diesel fuel requirements through several commodity option transactions that are intended to protect against significant increases in jet fuel and diesel fuel prices. At December 31, 1997, these transactions aggregated 33.3 million gallons for jet fuel and 8.7 million gallons for diesel fuel. The contracts mature periodically throughout 1998. 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, 1997, the fair value of these contracts was not significant.

Interest rate contracts--In connection with the aircraft leasing by BAX Global, 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 which fixes the Company's variable interest rate on these leases at 7.05% through January 2, 1998. At December 31, 1997, the fair value of the contract was not significant.

As further discussed in Note 7, in 1996 and 1995, the Company entered into two variable to fixed interest rate swap agreements related to the $100,000 term loan outstanding under the Facility. At December 31, 1997, 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, 1997, 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 1997 and 1996, total coal receivables of $23,844 and $15,390, respectively, were sold under such agreements. As of December 31, 1997 and 1996, receivables sold which remained to be collected totaled $23,844 and $5,183, respectively.

4. PROPERTY, PLANT AND EQUIPMENT

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

	As of December 31	
	1997	1996
Bituminous coal lands	$107,212	101,988
Land, other than coal lands	37,908	31,190
Buildings	159,726	120,318
Machinery and equipment	862,454	745,111
Total	$1,167,300	998,607

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

	Years
Buildings	10 to 40
Machinery and equipment	2 to 30

Depreciation and depletion of property, plant and equipment aggregated $106,584 in 1997, $92,805 in 1996 and $81,465 in 1995.

Capitalized mine development costs totaled $9,756 in 1997, $8,144 in 1996 and $10,118 in 1995.

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

	Years Ended December 31		
	1997	1996	1995
Capitalized subscriber installation costs beginning of year	$134,850	105,336	81,445
Capitalized cost of security system installations	64,993	57,194	44,488
Depreciation, including amounts recognized to fully depreciate capitalized costs for installations disconnected during the year	(27,051)	(27,680)	(20,597)
Capitalized subscriber installation costs end of year	$172,792	134,850	105,336

Based on demonstrated retention of customers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscribers' installation costs. This change more accurately matches depreciation expense with monthly recurring revenue generated from customers. This change in accounting estimate reduced depreciation expense for capitalized installation costs in 1997 for the Brink's Group and the BHS segment by $8,915. The effect of this change increased net income of the Brink's Group in 1997 by $5,794 ($0.15 per basic and diluted common share of Brink's stock).

New subscribers were approximately 105,600 in 1997, 98,500 in 1996 and 82,600 in 1995.

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 $2,600 in 1997, $2,517 in 1996 and $2,712 in 1995) and costs incurred for maintaining facilities and vehicles dedicated to the installation process (in the amount of $2,343 in 1997, $2,022 in 1996 and $1,813 in 1995). The effect of this change in accounting principle was to increase operating profit of the Brink's Group in 1997, 1996 and 1995 by $4,943, $4,539 and $4,525, respectively, and net income of the Brink's Group in 1997, 1996 and 1995 by $3,213, $2,723 and $2,720, respectively, or by $0.08 per basic and diluted common share in 1997 and $0.07 per basic and diluted common share in 1996 and 1995. 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 1997, 1996 and 1995 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 $106,174 at December 31, 1997 and $96,994 at December 31, 1996. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $10,518 in 1997, $10,560 in 1996 and $10,352 in 1995.

In 1997, the Company acquired the remaining 35% interest in Brink's subsidiary in the Netherlands ("Nedlloyd") for approximately $2,000 with additional contingent payments of up to $2,000 to be paid over the next two years based on certain performance criteria of Brink's-Nedlloyd. The original 65% acquisition in the Nedlloyd partnership resulted in goodwill of approximately $13,200. The acquisition of the remaining 35% interest resulted in a credit to goodwill of approximately $7,400, as the remaining interest was purchased for less than the book value.

6. INCOME TAXES

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

	U.S. Federal	Foreign	State	Total
1997:				
Current	$18,707	14,390	4,349	37,446
Deferred	13,506	(3,172)	277	10,611
Total	$32,213	11,218	4,626	48,057
1996:				
Current	$ 7,721	11,201	4,300	23,222
Deferred	22,878	(3,731)	173	19,320
Total	$30,599	7,470	4,473	42,542
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

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

	Years Ended December 31		
	1997	1996	1995
Deferred tax expense, exclusive of the components listed below	$ 6,950	19,171	16,376
Net operating loss carryforwards	(4,345)	(5,065)	(2,911)
Alternative minimum tax credits	7,613	4,200	(2,603)
Change in the valuation allowance for deferred tax assets	393	1,014	253
Total	$10,611	19,320	11,115

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, 1997 and December 31, 1996 were as follows:

	1997	1996
Deferred tax assets:		
Accounts receivable	$ 6,448	5,305
Postretirement benefits other than pensions	101,617	100,444
Workers' compensation and other claims	50,139	53,760
Other liabilities and reserves	81,084	81,413
Miscellaneous	16,062	11,358
Net operating loss carryforwards	21,013	16,668

Alternative minimum tax credits	23,631	30,325
Valuation allowance	(9,853)	(9,460)
Total deferred tax assets	290,141	289,813
Deferred tax liabilities:		
Property, plant and equipment	59,787	50,968
Pension assets	49,431	49,273
Other assets	15,538	14,679
Investments in foreign affiliates	9,331	10,090
Miscellaneous	74,943	71,631
Total deferred tax liabilities	209,030	196,641
Net deferred tax asset	$ 81,111	93,172

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

Based on the Company's historical and expected future taxable earnings, management believes it is more likely than not that the Company will realize the benefit of the existing deferred tax asset at December 31, 1997.

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 1997, 1996 and 1995 to the income before income taxes.

	Years Ended December 31 1997	1996	1995
Income before income taxes:			
United States	$ 110,070	101,463	97,989
Foreign	48,185	45,233	32,347
Total	$ 158,255	146,696	130,336
Tax provision computed at statutory rate	$ 55,389	51,344	45,618
Increases (reductions) in taxes due to:			
Percentage depletion	(7,407)	(7,644)	(9,861)
State income taxes (net of federal tax benefit)	2,614	1,894	1,664
Goodwill amortization	2,289	2,404	2,825
Difference between total taxes on foreign income and the U.S. federal statutory rate	(4,642)	(6,384)	(6,261)
Change in the valuation allowance for deferred tax assets	393	1,014	253
Miscellaneous	(579)	(86)	(1,874)
Actual tax provision	$ 48,057	42,542	32,364

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, 1997 and December 31, 1996 the unrecognized deferred tax liability for temporary differences of approximately $29,986 and $40,417, 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 $10,495 and $14,146, respectively.

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

As of December 31, 1997, the Company had $23,631 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 of December 31, 1997 was $21,013 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 1997	1996
Senior obligations:		
U.S. dollar term loan due 2001 (year-end rate 6.24% in 1997 and 5.97% in 1996)	$100,000	100,000
Revolving credit notes due 2001 (year-end rate 5.92% in 1997 and 7.01% in 1996)	25,900	23,200
Venezuelan bolivar term loan due 2000 (1997 year-end rate 26.40%)	31,072	--
Netherlands guilder term loan due 1998 (1997 year-end rate 4.29%)	10,700	--
All other	18,859	16,111
	186,531	139,311
Subordinated obligations:		
4% subordinated debentures due 1997	--	14,348
Obligations under capital leases (average rate 10.43% in 1997 and 11.43% in 1996)	5,281	5,178
Total long-term debt, less current maturities	191,812	158,837
Current maturities of long-term debt:		
Senior obligations	8,617	3,324
Capital leases	2,682	2,126
Total current maturities of long-term debt	11,299	5,450
Total long-term debt including current maturities	$203,111	164,287

For the four years through December 31, 2002, minimum repayments of long-term debt outstanding are as follows:

1999	$ 14,555
2000	25,269
2001	140,710
2002	2,839

The Company has a $350,000 credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. A term loan of $100,000 was outstanding at December 31, 1997 and 1996. Additional borrowings of $25,900 and $23,200 were outstanding at December 31, 1997 and 1996, respectively. The Company pays commitment fees (.125% per annum at December 3 1, 1997) on the unused portions of the Facility.

The Company has two interest rate swap agreements which effectively convert a portion of its $100,000 variable rate term loan to fixed rates. During 1995, the Company entered into a variable to fixed interest rate swap agreement, maturing in July 1998, which fixes the Company's interest rate at 5.80% on $20,000 in face amount of debt. During 1996, the Company entered into another variable to fixed interest rate swap agreement, maturing in February 1998, which fixes the Company's interest rate at 4.9% on an initial $5,000 in face amount of debt. The notional amount increased by $5,000 each quarter through the first quarter of 1997. The notional amount outstanding at December 31, 1997 was $20,000.

In 1997, the Company entered into a borrowing arrangement in connection with its acquisition of Cleton & Co. ("Cleton"). The loan, denominated in Netherland guilders equivalent to U.S. $10,700, matured in January 1998 and was extended to March 1998. This debt is classified as long-term in accordance with the Company's intention and ability to refinance the obligation on a long-term basis.

In 1997, the Company entered into a borrowing arrangement with a syndicate of local Venezuelan banks in connection with the acquisition of Custodia y Traslado de Valores, C.A. ("Custravalca"). The borrowings consisted of a long-term loan denominated in Venezuelan bolivars equivalent to U.S. $40,000 and a $10,000 short-term loan denominated in U.S. dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. At December 31, 1997, the long-term portion of the Venezuelan debt was the equivalent of U.S. $31,072. Approximately $4,800 is payable in 1998 and is included in current maturities of long-term debt.

The 4% subordinated debentures became due July 1,1997. The Company repaid the debentures from borrowings under the Facility.

Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $610,000 at December 31, 1997.

Various international subsidiaries maintain lines of credit and overdraft facilities aggregating approximately $131,000 with a number of banks on either a secured or unsecured basis. At December 31, 1997, $38,766 was outstanding under such agreements and was included in short-term borrowings. Average interest rates on the lines of credit and overdraft facilities at December 31, 1997 approximated 7.1%. Commitment fees paid on the lines of credit and overdraft facilities are not significant.

At December 31, 1997, the Company had outstanding unsecured letters of credit totaling $76,362 primarily supporting the Company's obligations under its various self-insurance programs and aircraft lease obligations.

8. NET INCOME PER SHARE

The following is a reconciliation between the calculation of basic and diluted net income per share:

Brink's Group	Years Ended December 31 1997	1996	1995
Numerator:			
Net income - Basic and diluted net income per share numerator	$73,622	59,695	51,093
Denominator:			
Basic weighted average common shares outstanding	38,273	38,200	37,931
Effect of dilutive securities:			
Employee stock options	518	482	436
Diluted weighted average common shares outstanding	38,791	38,682	38,367

Options to purchase 19 and 23 shares of common stock, at prices between $37.06 and $38.16, and between $28.63 and $29.50 per share were outstanding in 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive. No options were excluded from the computation of diluted net income per share in 1995.

Burlington Group	Years Ended December 31 1997	1996	1995
Numerator:			
Net income - Basic and diluted net income per share numerator	$32,348	33,801	32,855
Denominator:			
Basic weighted average common shares outstanding	19,448	19,223	18,966
Effect of dilutive securities:			
Employee stock options	545	458	630

Diluted weighted average common shares outstanding	19,993	19,681	19,596

Options to purchase 7 and 30 shares of common stock at $27.91 and at prices between $20.19 and $21.13 per share, were outstanding in 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive. No options were excluded from the computation of diluted net income per share in 1995.

Minerals Group	Years Ended December 31 1997	1996	1995
Numerator:			
Net income	$ 4,228	10,658	14,024
Convertible Preferred Stock dividends	(3,481)	(1,675)	(2,762)
Basic net income per share numerator	747	8,983	11,262
Effect of dilutive securities:			
Convertible Preferred Stock dividends	--	1,675	2,762
Diluted net income per share numerator	$ 747	10,658	14,024
Denominator:			
Basic weighted average common shares outstanding	8,076	7,897	7,786
Effect of dilutive securities:			
Convertible Preferred Stock	--	1,945	2,186
Employee stock options	26	42	29
Diluted weighted average common shares outstanding	8,102	9,884	10,001

Options to purchase 446, 300 and 338 shares of common stock, at prices between $12.18 and $25.74, $13.43 and $25.74 and $14.01 and $25.74 per share, were outstanding in 1997, 1996 and 1995, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

The conversion of preferred stock to 1,785 shares of common stock has been excluded in the computation of diluted net income per share in 1997 because the effect of the assumed conversion would be antidilutive.

9. STOCK OPTIONS

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

Stock Option Plans

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1997, 1996 and 1995 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 1997, 1996 and 1995 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 2,614, 2,690, and 789 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 181, 140 and 47, respectively.

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

As part of the Brink's Stock Proposal (described in the Company's Proxy Statement dated December 31, 1995 resulting in the modification of the capital structure of the Company to include an additional class of common stock), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or Burlington Stock, in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such plans, the Company converted these options into options for shares of Brink's Stock or 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, 1,750 shares of Brink's Stock and 1,989 shares of Burlington Stock were subject to options.

The table below summarizes the activity in all plans from December 31, 1994 to December 31, 1997.

	Shares	Aggregate Exercise Price
Pittston Services Group Common Stock Options:		
Outstanding at December 31, 1994	1,990	$ 38,401
Granted	587	14,595
Exercised	(171)	(2,289)
Forfeited or expired	(7)	(179)
Outstanding at December 31, 1995	2,399	$ 50,528
Exercised	(15)	(206)
Converted in Brink's Stock Proposal	(2,384)	(50,322)
Outstanding at December 31, 1996	--	$ --
Pittston Brink's Group Common Stock Options:		
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,750	26,865
Granted	369	9,527
Exercised	(166)	(1,800)
Forfeited or expired	(37)	(734)
Outstanding at December 31, 1996	1,916	$ 33,858
Granted	428	13,618
Exercised	(190)	(2,296)
Forfeited or expired	(104)	(2,497)
Outstanding at December 31, 1997	2,050	$ 42,683
Pittston Burlington Group Common Stock Options:		
Outstanding at December 31, 1995	--	$ --
Converted in Brink's Stock Proposal	1,989	23,474
Granted	440	7,972
Exercised	(318)	(2,905)
Forfeited or expired	(64)	(952)
Outstanding at December 31, 1996	2,047	$ 27,589
Granted	526	12,693
Exercised	(246)	(2,389)
Forfeited or expired	(71)	(1,223)
Outstanding at December 31, 1997	2,256	$ 36,670
Pittston Minerals Group Common Stock Options:		
Outstanding at December 31, 1994	507	$ 9,571
Granted	259	2,665
Exercised	(95)	(1,203)
Forfeited or expired	(73)	(1,674)
Outstanding at December 31, 1995	598	$ 9,359
Granted	4	47
Exercised	(3)	(45)
Forfeited or expired	(16)	(229)
Outstanding at December 31, 1996	583	$ 9,132
Granted	138	1,746
Exercised	(2)	(22)
Forfeited or expired	(67)	(921)
Outstanding at December 31, 1997	652	$ 9,935

Options exercisable at the end of 1997, 1996 and 1995, respectively, on an equivalent basis, for Brink's Stock were 905, 1,099 and 957; for Burlington Stock were 827, 1,034 and 1,030; and, for Minerals Stock were 253, 292 and 214.

The following table summarizes information about stock options outstanding as of December 31, 1997.

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Brink's Stock					

$ 6.26 to 13.79	420	1.80	$ 9.93	421	$ 9.93
16.77 to 21.34	901	3.03	19.18	476	19.83
25.57 to 29.81	334	4.44	25.92	8	29.50
31.56 to 38.16	395	5.36	31.86	--	--
Total	2,050			905	
Burlington Stock					
$ 5.00 to 11.70	475	1.57	$8.49	475	$ 8.49
13.41 to 16.32	782	3.25	14.75	282	15.45
17.06 to 21.13	498	4.04	18.00	70	17.29
23.88 to 27.91	501	5.38	24.24	--	--
Total	2,256			827	
Minerals Stock					
$ 8.74 to 12.18	262	3.37	$10.41	24	$11.08
12.69 to 16.63	203	4.05	13.29	79	14.22
18.63 to 25.74	187	2.69	24.12	150	24.00
Total	652			253	

Employee Stock Purchase Plan

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 750 shares of Brink's Stock, 375 shares of Burlington Stock and 250 shares of Minerals Stock, to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 43, 45, and 57 shares of Brink's Stock; 29, 32, and 29 shares of Burlington Stock; and 46, 30 and 44 shares of Minerals Stock, to employees during 1997, 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.

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:

	1997	1996	1995
Net Income attributed to common shares			
Pittston Company and Subsidiaries			
As Reported	$106,717	102,479	95,210
Pro Forma	101,746	99,628	93,455
Brink's Group			
As Reported	73,622	59,695	51,093
Pro Forma	71,240	58,389	50,432
Burlington Group			
As Reported	32,348	33,801	32,855
Pro Forma	30,170	32,528	32,098
Minerals Group			
As Reported	747	8,983	11,262
Pro Forma	336	8,711	10,925
Net Income per common share			
Brink's Group			
Basic, As Reported	1.92	1.56	1.35
Basic, Pro Forma	1.86	1.53	1.33
Diluted, As Reported	1.90	1.54	1.33
Diluted, Pro Forma	1.84	1.51	1.31
Burlington Group			
Basic, As Reported	1.66	1.76	1.73
Basic, Pro Forma	1.55	1.69	1.69
Diluted, As Reported	1.62	1.72	1.68
Diluted, Pro Forma	1.51	1.65	1.64
Minerals Group			
Basic, As Reported	0.09	1.14	1.45
Basic, Pro Forma	0.04	1.10	1.40
Diluted, As Reported	0.09	1.08	1.40
Diluted, Pro Forma	0.04	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:

	1997	1996	1995
Expected dividend yield:			
Brink's Stock	0.3%	0.4%	0.4%
Burlington Stock	1.0%	1.2%	1.2%
Minerals Stock	5.4%	4.8%	4.8%
Expected volatility:			
Brink's Stock	32%	30%	30%
Burlington Stock	29%	32%	32%
Minerals Stock	43%	37%	38%
Risk-Free interest rate:			
Brink's Stock	6.2%	6.3%	5.8%
Burlington Stock	6.2%	6.3%	5.8%
Minerals Stock	6.2%	6.1%	5.7%
Expected term (in years):			
Brink's Stock	4.9	4.7	4.7
Burlington Stock	4.8	4.7	4.7
Minerals Stock	4.2	3.7	4.2

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1997, 1996 and 1995 for the Brink's Stock is $5,155, $3,341 and $2,317, for the Burlington Stock is $4,182, $2,679 and $2,549 and for the Minerals Stock is $487, $10 and $687, respectively.

Under SFAS No.123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1997, 1996 and 1995 was $455, $365 and $330 for Brink's Stock, $222, $138 and $163 for Burlington Stock, and $247, $95 and $479 for Minerals Stock, respectively.

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, 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 .739 and .244 vote per share, respectively, subject to adjustment on January 1, 2000, and on January 1 every two years thereafter in such a manner so that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of 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 1, 1998, 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 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, 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).

The Company has authority to issue up to 2,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80,500 or 161 shares of its $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available; therefore, when, as and if declared by the Board, and bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon. Each share of the Convertible Preferred Stock is convertible at the option of the holder at any time, unless previously redeemed or, under certain circumstances, called for redemption, into shares of Minerals Stock at a conversion price of $32.175 per share of Minerals Stock, subject to adjustment in certain circumstances. The Company may at its option, redeem the Convertible Preferred Stock, in whole or in part, for cash at a price of $518.750 per share, effective February 1, 1998, and thereafter at prices declining ratably annually on each February 1 to an amount equal to $500.00 per share on and after February 1, 2004, plus in each case an amount equal to accrued and unpaid dividends on the date of redemption. Except under certain circumstances or as prescribed by Virginia law, shares of the Convertible Preferred Stock are nonvoting. Other than the Convertible Preferred Stock, no shares of preferred stock are presently issued or outstanding.

In November 1995, the Company's 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 shares of Minerals Stock, up to 1,500 shares of Brink's Stock and up to 1,500 shares of Burlington Stock, not to exceed an aggregate purchase price of $45,000; such shares to be purchased from time to time in the open market or in private transactions, as conditions warrant.

In 1994, the Board authorized the repurchase, from time to time, of up to $15,000 of Convertible Preferred Stock. In November 1995, and February 1997, the Board authorized an increase in the remaining authority to $15,000 and, in May 1997, the Board authorized an increase to $25,000.

Under the share repurchase programs, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 1997	1996
Brink's Stock:		
Shares	166	278
Cost	$4,349	6,937
Burlington Stock:		
Shares	332	76
Cost	$7,405	1,407
Convertible Preferred Stock:		
Shares	2	21
Cost	$ 617	7,897
Excess carrying amount (a)	$ 108	2,120

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years which is deducted from preferred dividends in the Company's Statement of Operations.

At December 31, 1997 the Company had remaining authority to purchase over time 1,000 shares of Pittston Minerals Group Common Stock; 1,056 shares of Pittston Brink's Common Stock; 1,092 shares of Pittston Burlington Group Common Stock and an additional $24,383 of its Convertible Preferred Stock. The aggregate purchase price limitation for all common stock was $24,903 at December 31, 1997. The authority to acquire shares remains in effect in 1998.

In 1997, 1996 and 1995 dividends paid on the Convertible Preferred Stock amounted to $3,589, $3,795, and $4,341 respectively. During 1997 and 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.

Under a Shareholder Rights Plan adopted by the Board in 1987 and as amended, rights to purchase a new Series A Participating Cumulative Preferred Stock (the "Series A Preferred Stock") of the Company were distributed as a dividend at the rate of one right for each share of the Company's common stock. Each Brink's Right, if and when it becomes exercisable, will entitle the holder to purchase one-thousandth of a share of Series A Preferred Stock at a purchase price of $26.67, subject to adjustment. Each 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 after a third party acquires 15% or more of the total voting rights of all outstanding Brink's Stock, Burlington Stock and Minerals Stock or on such date as may be designated by the Board after commencement of a tender offer or exchange offer by a third party for 15% or more of the total voting rights of all outstanding Brink's Stock, 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 15% or more of all outstanding Brink's Stock, Burlington Stock and Minerals Stock, the rights will entitle each holder to purchase, at the purchase price, that number of fractional shares of Series A Preferred Stock, Series D Preferred Stock and Series B Preferred Stock equivalent to the number of shares of common stock which at the time of the triggering event would have a market value of twice the purchase price. As an alternative to the purchase described in the previous sentence, the Board may elect to exchange the rights for other forms of consideration, including that number of shares of common stock obtained by dividing the purchase price by the market price of the common stock at the time of the exchange or for cash equal to the purchase price. The rights may be redeemed by the Company at a price of $0.01 per right and expire on September 25, 2007.

The Company's Articles of Incorporation limits dividends on Minerals Stock to the lesser of (i) all funds of the Company legally available therefore (as prescribed by Virginia law) and (ii) the Available Minerals Dividend Amount (as defined in the Articles of Incorporation). The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31, 1997, the Available Minerals Dividend Amount was at least $15,199.

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 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. At December 31, 1997, 2,734 shares of Brink's Stock (3,141 in 1996), 868 shares of Burlington (1,280 in 1996) and 232 shares of Minerals Stock (424 in 1996) 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.

11. ACQUISITIONS

In 1997, the Company increased its ownership position in its Venezuelan affiliate, Custravalca, from 15% to 61%. The acquisition was financed through a syndicate of local Venezuelan banks. The borrowings consisted of a long-term loan denominated in the local currency equivalent to U.S. $40,000 and a $10,000 short-term loan denominated in U.S. dollars of which approximately $36,000 was outstanding at December 31, 1997. In conjunction with this transaction, Brink's acquired an additional 31% interest in Brink's Peru S.A. bringing its interest to 36%.

In June 1997, the Company acquired Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands. The Company acquired Cleton for the equivalent of U.S. $10,700 and the initial assumption of the equivalent of U.S. $10,000 of debt of which approximately U.S. $6,000 was outstanding at December 31, 1997. Additional contingent payments ranging from the current equivalent of U.S. $0 to U.S. $18,000 will be paid over the next three years based on certain performance criteria of Cleton. Approximately $3,000 of goodwill is being amortized on a straight-line basis over 40 years.

In addition, throughout 1997, the Company acquired additional interests in several subsidiaries and affiliates. Remaining interests were acquired in the Netherlands, Hong Kong, Taiwan and South Africa while ownership positions were increased in Bolivia and Chile.

All acquisitions were accounted for under the purchase method, and, accordingly, the costs of the acquisitions were allocated to the assets acquired and liabilities assumed based on their respective fair values. The results of the operations of each of the acquired companies have been included in the Company's consolidated results of operations since each respective date of acquisition.

The 1997 acquisitions were not material to the Company's consolidated financial statements taken as a whole. There were no material acquisitions in 1996 or 1995.

In January 1998, the Company purchased nearly all the remaining shares of its affiliate in France for payments over three years aggregating approximately U.S. $39,000. The initial payment made at closing of U.S. $8,789 was funded through the revolving credit portion of the Facility.

12. COAL JOINT VENTURE

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

Under loan agreements with the Authority, DTA is obligated to make payments sufficient to provide for the timely payment of the principal and interest on the bonds. Under a throughput and handling agreement, the Company has agreed to make payments to DTA that in the aggregate will provide DTA with sufficient funds to make the payments due under the loan agreements and to pay the Company's share of the operating costs of the Facilities. The Company has also unconditionally guaranteed the payment of the principal of and premium, if any, and the interest on the bonds. Payments for operating costs aggregated $4,691 in 1997, $5,208 in 1996 and $6,841 in 1995. The Company has the right to use 32.5% of the throughput and storage capacity of the Facilities subject to user rights of third parties which pay the Company a fee. The Company pays throughput and storage charges based on actual usage at per ton rates determined by DTA.

13. LEASES

The Company and its subsidiaries lease aircraft, facilities, vehicles, computers and coal mining and other equipment under long-term operating leases with varying terms, and most of the leases contain renewal and/or purchase options.

As of December 31, 1997, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Aircraft	Facilities	Equipment & Other	Total
1998	$22,479	42,841	30,391	95,711
1999	20,157	37,726	21,512	79,395
2000	13,488	28,320	15,261	57,069
2001	10,402	23,942	10,079	44,423
2002	5,184	20,467	5,849	31,500
2003	1,152	16,482	647	18,281
2004	--	14,552	502	15,054
2005	--	13,265	418	13,683
2006	--	11,871	418	12,289
Later Years	--	69,533	2,883	72,416
Total	$72,862	278,999	87,960	439,821

These amounts are net of aggregate future minimum noncancellable sublease rentals of $3,811.

Net rent expense amounted to $109,976 in 1997, $111,562 in 1996 and $120,583 in 1995.

The Company incurred capital lease obligations of $4,874 in 1997, $3,185 in 1996 and $2,948 in 1995. As of December 31, 1997, the Company's obligations under capital leases were not significant (Note 7).

The Company is in the process of renewing certain aircraft leasing agreements with terms of 4 to 5 years. Aggregate future minimum lease payments under these agreements will approximate $42,000.

14. EMPLOYEE BENEFIT PLANS

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

The net pension expense (credit) for 1997, 1996 and 1995 for all plans is as follows:

	Years Ended December 31		
	1997	1996	1995
Service cost--benefits earned during year	$ 15,283	14,753	11,193
Interest cost on projected benefit obligation	26,978	23,719	21,429
Return on assets--actual	(82,051)	(57,109)	(77,368)
Return on assets--deferred	41,157	19,461	43,139
Other amortization, net	564	1,741	(803)
Net pension expense (credit)	$ 1,931	2,565	(2,410)

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

	1997	1996	1995
Interest cost on projected benefit obligation	8.0%	7.5%	8.75%
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, 1997 and 1996 for all plans are as follows:

	1997	1996
Actuarial present value of accumulated benefit obligation:		
Vested	$326,783	276,335
Nonvested	20,573	15,694
	347,356	292,029

Benefits attributable to projected salaries	54,896	47,231
Projected benefit obligation	402,252	339,260
Plan assets at fair value	511,245	450,430
Excess of plan assets over projected benefit obligation	108,993	111,170
Unamortized initial net asset	(1,450)	(2,719)
Unrecognized experience loss	10,548	11,179
Unrecognized prior service cost	1,209	1,540
Net pension assets	119,300	121,170
Current pension liabilities	3,838	3,071
Deferred pension assets per balance sheet	$123,138	124,241

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 7.5% in 1997, and 8% in 1996. 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 1997 and 1996.

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, 1997, approximately 69% of plan assets were invested in equity securities and 31% 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 18). As a result of the settlement, the Coal subsidiaries agreed to continue their participation in the UMWA 1974 pension plan at defined contribution rates.

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 1997, 1996 and 1995, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31		
	1997	1996	1995
Service cost benefits earned during the year	$ 1,610	2,069	1,720
Interest cost on accumulated postretirement benefit obligation	22,112	20,213	19,957
Amortization of losses (gains)	1,389	1,128	(15)
Total expense	$25,111	23,410	21,662

At December 31, 1997 and 1996, the actuarially determined and recorded liabilities for these postretirement benefits, none of which have been funded, were as follows:

	Years Ended December 31	
	1997	1996
Accumulated postretirement benefit obligation:		
Retirees	$255,190	237,677
Fully eligible active plan participants	37,519	25,267
Other active plan participants	21,212	24,578
	313,921	287,522
Unrecognized experience loss	(63,247)	(42,850)
Liability included on the balance sheet	250,674	244,672
Less current portion	19,222	17,975
Noncurrent liability for postretirement health care and life insurance benefits	$231,452	226,697

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.5% in 1997, and 8% in 1996. The assumed health care cost trend rate used in 1997 was 7.43% for pre-65 retirees, grading down to 5% in the year 2001. For post-65 retirees, the assumed trend rate in 1997 was 6.43%, grading down to 5% in the year 2001. The assumed Medicare cost trend rate used in 1997 was 6.10%, 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 $3,100 in the aggregate service and interest components of expense for the year 1997, and an increase of approximately $41,300 in the accumulated postretirement benefit obligation at December 31, 1997.

The Company also sponsors a Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 50% to 125% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $7,362 in 1997, $6,875 in 1996 and $6,324 in 1995.

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 $206 in 1997, $643 in 1996 and $1,030 in 1995.

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 1997, 1996 and 1995, these amounts, on a pretax basis, were approximately $9,300, $10,400 and $10,800, respectively. The Company believes that the annual liability under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $9,000 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 $200,000, which when discounted at 7.5% 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.

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

Refer to Note 18 for a discussion of the benefit of the reversal of a litigation accrual related to the Evergreen case of $35,650.

At December 31, 1997, Coal Operations had a liability of $30,846 for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Coal Operations will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted at December 31, 1997 should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions and favorable workers' compensation claim developments, Coal Operations reversed $3,104 and $11,649 of the reserve in 1997 and 1996, respectively. The 1996 reversal included $4,778 related to estimated mine and plant closures, primarily reclamation, and $6,871 in employee severance and other benefit costs. The entire 1997 reversal related to workers' compensation claim reserves.

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

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1994	$3,787	38,256	43,372	85,415
Payments (a)	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 (b)	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
Reversals	--	--	3,104	3,104
Payments (d)	376	1,764	2,010	4,150
Other	--	468	(468)	--
Balance December 31, 1997	$ --	11,143	19,703	30,846

(a) 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.

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

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

(d) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $4,000 to $6,000. The liability for mine and plant closure costs is expected to be satisfied over the next nine years, of which approximately 40% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to nine years.

16. OTHER OPERATING INCOME

Other operating income primarily includes royalty income, gains on sales of assets and foreign exchange transactions gains and losses. Other operating income also includes the Company's share of net income of unconsolidated affiliated companies carried on the equity method of $539, $2,103 and $182 for 1997, 1996 and 1995, respectively.

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

	Ownership At December 31, 1997
Servicio Pan Americano De Protecion, S.A. (Mexico)	20%
Brink's Panama, S.A.	49%
Brink's Peru, S.A.	36%
Brink's S.A. (France)	38%
Brink's Schenker, GmbH (Germany)	50%
Security Services (Brink's Jordan), W.L.L.	45%
Brink's-Allied Limited (Ireland)	50%
Brink's Arya India Private Limited	40%
Brink's Pakistan (Pvt.) Limited	49%
Brink's (Thailand) Ltd.	40%
Burlington International Forwarding Ltd. (Taiwan)	33.3%
Mining Project Investors Limited (Australia)	34.1%
MPI Gold (USA)	34.1%

	1997	1996	1995
Revenues	$638,624	728,815	762,250
Gross profit	97,976	78,900	60,712
Net income (loss)	4,427	11,160	(5,873)
Current assets	131,160	209,089	186,039
Noncurrent assets	215,531	217,445	227,229
Current liabilities	153,247	192,679	219,253
Noncurrent liabilities	84,170	117,952	85,057
Net equity	109,274	115,903	108,958

(a) Also includes amounts related to equity affiliates who were either sold prior to December 31, 1997, became consolidated affiliates through increased ownership prior to December 31, 1997 or converted to cost investment. All amounts for such affiliates are presented pro-rata, where applicable.

Undistributed earnings of such companies included in consolidated retained earnings approximated $29,300 at December 31, 1997.

17. SEGMENT INFORMATION

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

	Years Ended December 31		
	1997	1996	1995
United States:			
Domestic customers	$1,618,929	1,487,145	1,449,684
Export customers	236,813	273,162	256,396
	1,855,742	1,760,307	1,706,080
International operations	1,538,656	1,330,888	1,208,361
Consolidated net sales and operating revenues	$3,394,398	3,091,195	2,914,441

Segment operating profit by geographic area is as follows:

	Years Ended December 31		
	1997	1996	1995
United States	$124,165	125,050	115,530
International operations (a)	83,681	62,902	48,775
Total segment operating profit	$207,846	187,952	164,305

Identifiable assets by geographic area are as follows:

	Years Ended December 31		
	1997	1996	1995
United States	$1,293,128	1,221,093	1,245,122
International operations	601,189	505,203	453,451

Total	$1,894,317	1,726,296	1,698,573

Industry segment information is as follows:

	Years Ended December 31 1997	1996	1995
Net Sales and Operating Revenues:			
BAX Global	$1,662,338	1,484,869	1,403,195
Brink's	921,851	754,011	659,459
BHS	179,583	155,802	128,936
Coal Operations	612,907	677,393	706,251
Mineral Ventures	17,719	19,120	16,600
Consolidated net sales and operating revenues	$3,394,398	3,091,195	2,914,441
Operating Profit (Loss)(a)			
BAX Global (e)	$ 63,264	64,604	58,723
Brink's	81,591	56,823	42,738
BHS (b) (d)	52,844	44,872	39,506
Coal Operations (c)	12,217	20,034	23,131
Mineral Ventures	(2,070)	1,619	207
Segment operating profit	207,846	187,952	164,305
General Corporate expense	(19,718)	(21,445)	(16,806)
Consolidated operating profit	$ 188,128	166,507	147,499

(a) Includes equity in net income of unconsolidated foreign affiliates of $539 in 1997, $2,103 in 1996 and $182 in 1995 (Note 16).

(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 $4,943 in 1997, $4,539 in 1996 and $4,525 in 1995 (Note 4).

(c) Operating profit of the Coal segment included a benefit from restructuring and other credits, including litigation accrual of $3,104 in 1997 and $47,299 in 1996. (Note 15).

(d) BHS changed its annual depreciation rate in 1997 resulting in a reduction of depreciation expense for capitalized installation costs of $8,915 (Note 4).

(e) The 1997 amounts include the allocation of $12,500 of consulting expenses related to the redesign of BAX Global's business processes and information systems architecture. The $12,500 was allocated $4,750 to the U.S. operations and $7,750 to International operations.

	Years Ended December 31 1997	1996	1995
Capital Expenditures:			
BAX Global	$ 31,307	59,470	34,576
Brink's	49,132	34,072	23,063
BHS	70,927	61,522	47,256
Coal Operations	22,285	18,881	17,811
Mineral Ventures	4,544	3,714	2,332
General Corporate	613	5,950	391
Consolidated capital expenditures	$178,808	183,609	125,429
Depreciation, Depletion and Amortization:			
BAX Global	$ 29,667	23,254	19,856
Brink's	30,758	24,293	21,844
BHS	30,344	30,115	22,408
Coal Operations	35,351	34,632	40,285
Mineral Ventures	1,968	1,856	1,597
General Corporate	663	468	379
Consolidated depreciation, depletion and amortization	$128,751	114,618	106,369

	As of December 31 1997	1996	1995
Assets:			
BAX Global	$ 690,144	617,784	539,719
Brink's	441,138	340,922	321,022
BHS	193,027	149,992	116,701
Coal Operations	549,576	594,772	699,049
Mineral Ventures	20,432	22,826	22,082
Identifiable assets	1,894,317	1,726,296	1,698,573
General Corporate (primarily cash, investments, advances and deferred pension assets)	101,627	106,307	108,799
Consolidated assets	$1,995,944	1,832,603	1,807,372

18. LITIGATION

In April 1990, the Company entered into a settlement agreement to resolve certain environmental claims against the Company arising from hydrocarbon contamination at a petroleum terminal facility ("Tankport") in Jersey City, New Jersey, which operations were sold in 1983. Under the settlement agreement, the Company is obligated to pay 80% of the remediation costs. Based on data available to the Company and its environmental consultants, the Company estimates its portion of the cleanup costs on an undiscounted basis using existing technologies to be between $6,600 and $11,900 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 and certain assumptions the Company is making with respect to the end use of the property. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, 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. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the event the parties are unable to settle the dispute, the case is scheduled to be tried beginning September, 1998. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law, and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for is immaterial.

In 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the

Company and a number of its coal subsidiaries claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. In 1993, the Company recognized in its consolidated financial statements the potential liability that might have resulted from an ultimate adverse judgment in the Evergreen Case (Notes 14 and 15).

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

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

19. COMMITMENTS

At December 31, 1997, the Company had contractual commitments for third parties to contract mine or provide coal to the Company. Based on the contract provisions these commitments are currently estimated to aggregate approximately $195,740 and expire from 1998 through 2005 as follows:

1998	$53,889
1999	40,546
2000	40,546
2001	29,109
2002	10,596
2003	7,656
2004	7,656
2005	5,742

Spending under the contracts was $70,691 in 1997, $99,161 in 1996, and $83,532 in 1995.

20. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1997, 1996 and 1995, cash payments for income taxes, net of refunds received, were $30,677, $26,412 and $21,967, respectively.

For the years ended December 31, 1997, 1996 and 1995, cash payments for interest were $26,808, $14,659 and $13,575, respectively.

In connection with the June 1997 acquisition of Cleton & Co. ("Cleton"), the Company assumed the equivalent of U.S. $10,000 of Cleton debt, of which the equivalent of approximately U.S. $6,000 was outstanding at December 31, 1997.

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

21. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1997 and 1996. The 1996 and first three quarters of 1997 net income per share amounts have been restated to comply with SFAS No. 128, "Earnings Per Share" (Note 1). Third quarter 1997 amounts have been reclassified to include $3,948 of revenues and transportation expenses from Cleton, which was acquired in June 1997.

	1st	2nd	3rd	4th
1997 Quarters:				
Net sales and operating revenues	$781,676	826,154	874,449	912,119
Gross profit	109,445	118,884	143,136	143,567
Net income (a)	21,341	14,663	36,337	37,857
Net income per Pittston Brink's Group common share:				
Basic	$ .40	.46	.51	.55
Diluted	.40	.46	.50	.54
Net income (loss) per Pittston Burlington Group common share:				
Basic	$ .26	(.10)	.82	.68
Diluted	.26	(.10)	.80	.66
Net income (loss) per Pittston Minerals Group common share:				
Basic (a)	$ .01	(.26)	.02	.32
Diluted	.01	(.26)	.02	.32
1996 Quarters:				
Net sales and operating revenues	$730,907	757,387	782,394	820,507
Gross profit	61,956	104,693	116,745	111,155
Net income (a)	18,620	25,426	29,044	31,064

Net income per Pittston Brink's Group

common share:				
Basic	$ .31	.37	.41	.47
Diluted	.31	.36	.41	.46
Net income per Pittston Burlington Group common share:				
Basic	$ .20	.46	.56	.55
Diluted	.19	.44	.54	.53
Net income per Pittston Minerals Group common share:				
Basic (a)	$ .25	.35	.33	.20
Diluted	.25	.27	.25	.20

(a) The fourth quarters of 1997 and 1996 include the reversal of excess restructuring liabilities of $3,104 ($2,018 after-tax; $0.25 per basic share) and $9,541 ($6,202 after-tax; $0.78 per basic share) , respectively.

Pittston Brink's Group
STATEMENT OF MANAGEMENT RESPONSIBILITY

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

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

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

The accompanying financial statements have been audited by KPMG 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, 1997 and 1996, and the related statements of operations and cash flows for each of the years in the three-year period ended December 31, 1997. 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, 1997 and 1996, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1997, 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
Stamford, Connecticut

January 28, 1998

Pittston Brink's Group

BALANCE SHEETS

(In thousands)	December 31 1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 37,694	20,012
Short-term investments	2,227	1,856
Accounts receivable:		
Trade	164,527	124,371
Other	6,045	5,527
	170,572	129,898
Less estimated amount uncollectible	9,660	4,970
	160,912	124,928
Receivable Pittston Minerals Group (Note 2)	8,003	14,027
Inventories	3,469	3,073
Prepaid expenses	16,672	11,680
Deferred income taxes (Note 8)	18,147	14,481
Total current assets	247,124	190,057
Property, plant and equipment, at cost (Note 5)	623,129	497,500
Less accumulated depreciation and amortization	276,457	240,741
	346,672	256,759
Intangibles, net of accumulated amortization (Note 6)	18,510	28,162
Investments in and advances to unconsolidated affiliates	28,169	29,081
Deferred pension assets (Note 14)	31,713	33,670
Deferred income taxes (Note 8)	3,612	2,120
Other assets	16,530	11,816
Total assets	$692,330	551,665
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term borrowings	$ 9,073	1,751
Current maturities of long-term debt (Note 9)	7,576	2,139
Accounts payable	36,337	36,995
Accrued liabilities:		
Taxes	14,350	14,051
Workers' compensation and other claims	17,487	16,667
Payroll and vacation	38,388	21,993
Deferred monitoring revenues	15,351	13,415
Miscellaneous (Note 14)	39,786	32,381
	125,362	98,507
Total current liabilities	178,348	139,392
Long-term debt, less current maturities (Note 9)	38,682	5,542
Postretirement benefits other than pensions (Note 14)	4,097	3,835
Workers' compensation and other claims	11,277	11,056
Deferred income taxes (Note 8)	45,324	38,539
Payable Pittston Minerals Group (Note 2)	391	8,760
Other liabilities	8,929	8,234
Minority interests	24,802	22,929
Commitments and contingent liabilities (Notes 9, 13 and 17)		
Shareholder's equity (Notes 3, 11 and 12)	380,480	313,378
Total liabilities and shareholder's equity	$692,330	551,665

See accompanying notes to financial statements

Pittston Brink's Group

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1997	1996	1995
Operating revenues	$1,101,434	909,813	788,395
Costs and expenses:			
Operating expenses	815,005	687,175	599,683
Selling, general and administrative expenses	160,676	130,833	112,133
Total costs and expenses	975,681	818,008	711,816
Other operating income, net (Note 15)	1,811	2,433	895
Operating profit	127,564	94,238	77,474
Interest income (Note 2)	2,760	2,745	1,840
Interest expense (Note 2)	(11,478)	(1,810)	(2,050)
Other expense, net	(5,571)	(5,407)	(3,505)
Income before income taxes	113,275	89,766	73,759
Provision for income taxes (Note 8)	39,653	30,071	22,666
Net income	$ 73,622	59,695	51,093
Net income per common share (Note 10):			
Basic	$ 1.92	1.56	1.35
Diluted	1.90	1.54	1.33
Average common shares outstanding (Note 10):			
Basic	38,273	38,200	37,931
Diluted	38,791	38,682	38,367

See accompanying notes to financial statements.

Pittston Brink's Group

STATEMENTS OF CASH FLOWS

(In thousands)	1997	1996	1995
	Years Ended December 31		
Cash flows from operating activities:			
Net income	$ 73,622	59,695	51,093
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	61,331	54,566	44,357
Provision (credit) for deferred income taxes	990	62	(952)
Provision (credit) for pensions, noncurrent	1,398	1,149	(466)
Provision for uncollectible accounts receivable	6,094	4,416	3,265
Equity in losses (earnings) of unconsolidated affiliates, net of dividends received	1,996	(1,755)	2,352
Minority interest expense	5,432	3,902	1,715
Gain on sale of property, plant and equipment	(712)	(1,567)	(1,757)
Other operating, net	4,596	3,304	1,389
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	(25,259)	(15,556)	(22,352)
Increase in inventories	(398)	(276)	(812)
Decrease (increase) in prepaid expenses	82	(1,300)	(1,858)
Increase in accounts payable and accrued liabilities	19,341	12,989	15,822
Increase in other assets	(2,398)	(4,742)	(1,597)
Increase (decrease) in other liabilities	3,025	(949)	337
Other, net	(2,100)	(155)	244
Net cash provided by operating activities	147,040	113,783	90,780
Cash flows from investing activities:			
Additions to property, plant and equipment	(116,270)	(95,754)	(69,783)
Proceeds from disposal of property, plant and equipment	1,007	2,798	3,178
Acquisitions, net of cash acquired, and related contingency payments	(55,349)	--	(956)
Other, net	5,455	843	(1,313)
Net cash used by investing activities	(165,157)	(92,113)	(68,874)
Cash flows from financing activities:			
Additions to debt	59,936	1,842	1,782
Reductions of debt	(15,542)	(9,375)	(5,893)
Payments to Minerals Group	(2,977)	(6,082)	(12,240)
Repurchase of common stock	(4,349)	(6,936)	(2,303)
Proceeds from exercise of stock options and employee stock purchase plan	2,297	2,072	1,931
Dividends paid	(3,566)	(3,918)	(3,432)
Cost of stock proposal	--	(1,238)	--
Net cash provided (used) by financing activities	35,799	(23,635)	(20,155)
Net increase (decrease) in cash and cash equivalents	17,682	(1,965)	1,751
Cash and cash equivalents at beginning of period	20,012	21,977	20,226
Cash and cash equivalents at end of period	$ 37,694	20,012	21,977

See accompanying notes to financial statements.

Pittston Brink's Group

NOTES TO FINANCIAL STATEMENTS

(In thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

As used herein, the "Company" includes The Pittston Company and its direct and indirect subsidiaries, except as otherwise indicated by the context. The Company is comprised of three separate groups - Pittston Brink's Group, Pittston Burlington Group, and Pittston Minerals Group. The financial statements of the Brink's Group include the balance sheets, the results of operations and cash flows of the Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS") operations of the Company, and a portion of the Company's corporate assets and liabilities and related transactions which are not 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 Pittston Brink's Group Common Stock ("Brink's Stock") separate financial statements, financial review, descriptions of business and other relevant information for the Brink's Group in addition to the consolidated financial information of the Company. Notwithstanding the attribution of assets and liabilities (including contingent liabilities) among the Minerals Group, the Brink's Group and the 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 unless control exists, in which case, consolidation occurs. 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 ("SFAS") No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse.

See Note 2 for allocation of the Company's 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 SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

Accounting for Stock Based Compensation

The Brink's Group has implemented the disclosure-only provisions of SFAS No. 123 "Accounting for Stock Based Compensation" (Note 11). The Brink's Group continues to measure compensation expense for its stock-based compensation plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

Foreign Currency Translation

Assets and liabilities of foreign operations have been translated at 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.

Net Income Per Share

Basic and diluted net income per share for the Brink's Group are computed by dividing net income by the basic weighted-average common shares outstanding and the diluted weighted-average common shares outstanding, respectively. Diluted weighted-average common shares outstanding includes additional shares assuming the exercise of stock options. However, when the exercise of stock options is antidilutive, they are excluded from the calculation. The shares of Brink's Stock held in The Pittston Company Employee Benefits Trust (the "Trust" - See Note 12) are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations.

Use of Estimates

In accordance with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

Accounting Changes

In 1997, the Brink's Group implemented SFAS No. 128 "Earnings Per Share." SFAS No. 128 replaced the calculation of primary and diluted net income per share with basic and diluted net income per share (Note 10). Unlike primary net income per share, basic net income per share excludes any dilutive effects of options, warrants and convertible securities. Diluted net income per share is very similar to the previous fully diluted net income per share. All prior-period net income per share data has been reinstated to conform with the provisions of SFAS No. 128.

Pending Accounting Changes

The Brink's Group will implement SFAS No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders. With the exception of foreign currency translation adjustments, such changes are not significant to the Brink's Group.

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", will be implemented in the financial statements for the year ended December 31, 1998. SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of this SFAS is not expected to have a material impact on the financial statements of the Brink's Group.

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 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, 1997 and 1996 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 1997, 1996 and 1995 was $123, $106, and $120, 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, 1997 and 1996, the Minerals Group owed the Brink's Group $27,004 and $24,027, respectively, as the result of such borrowings.

Income Taxes

The Brink's Group and its domestic subsidiaries are 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, 1997 and 1996, the Brink's Group owed the Minerals Group $19,391 and $18,760, respectively, for such tax benefits, of which $391 and $8,760, 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 $15,794 in 1997 and $14,470 in 1996 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 $6,871, $7,457, and $4,770 in 1997, 1996 and 1995, 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" 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 1997	1996	1995
Balance at beginning of period	$ 313,378	258,805	215,531
Net income	73,622	59,695	51,093
Foreign currency translation adjustment	(8,237)	(1,423)	(6,808)
Stock options exercised	2,296	1,940	1,114
Stock released from employee benefits trust to employee benefits plan ..	6,369	5,633	3,371
Stock repurchases	(4,349)	(6,937)	(2,303)
Dividends declared	(3,755)	(3,902)	(3,437)
Cost of stock proposal	--	(1,238)	--
Tax benefit of options exercised	1,156	805	244
Balance at end of period	$ 380,480	313,378	258,805

The cumulative foreign currency translation adjustment deducted from shareholder's equity is $29,704, $21,467, and $20,044 at December 31, 1997, 1996 and 1995, respectively.

4. ACQUISITIONS

In 1997, the Brink's Group increased its ownership position in its Venezuelan affiliate, Custodia y Traslado de Valores, C.A. ("Custravalca"), from 15% to 61%. The acquisition was financed through a syndicate of local Venezuelan banks. The borrowings consisted of a long-term loan denominated in the local currency equivalent to U.S. $40,000 and a $10,000 short-term loan denominated in U.S. dollars of which approximately $36,000 was outstanding at December 31, 1997. In conjunction with this transaction, Brink's acquired an additional 31% interest in Brink's Peru S.A. bringing its interest to 36%.

In addition, throughout 1997, the Brink's Group acquired additional interests in several subsidiaries and affiliates. Remaining interests were acquired in the Netherlands, Hong Kong and Taiwan while ownership positions were increased in Bolivia and Chile.

All acquisitions were accounted for under the purchase method, and, accordingly, the costs of the acquisitions were allocated to the assets acquired and liabilities assumed based on their respective fair values. The results of the operations of each of the acquired companies have been included in the Brinks' Group combined results of operations since each respective date of acquisition.

The 1997 acquisitions were not material to the Brink's Group's combined financial statements taken as a whole. There were no material acquisitions in 1996 or 1995.

In January 1998, the Brink's Group purchased nearly all the remaining shares of its French affiliate for payments over three years aggregating approximately U.S. $39,000. The initial payment made at closing of U.S. $8,789 was funded through the revolving credit portion of the Facility.

5. PROPERTY, PLANT AND EQUIPMENT

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

	As of December 31 1997	1996
Land	$ 11,928	5,463
Buildings	103,482	78,999
Machinery and equipment	507,719	413,038
Total	$623,129	497,500

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

	Years
Buildings	10 to 40
Machinery and equipment	2 to 20

Depreciation of property, plant and equipment aggregated $60,119 in 1997,

$53,285 in 1996, and $42,853 in 1995.

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

	Years Ended December 31 1997	1996	1995
Capitalized subscriber installation costs--beginning of year	$ 134,850	105,336	81,445
Capitalized cost of security system installations	64,993	57,194	44,488
Depreciation, including amounts recognized to fully depreciate capitalized costs for installations disconnected during the year	(27,051)	(27,680)	(20,597)
Capitalized subscriber installation costs--end of year	$ 172,792	134,850	105,336

Based on demonstrated retention of customers, beginning in the first quarter of 1997, BHS prospectively adjusted its annual depreciation rate from 10 to 15 years for capitalized subscribers' installation costs. This change more accurately matches depreciation expense with monthly recurring revenue generated from customers. This change in accounting estimate reduced depreciation expense for capitalized installation costs in 1997 for the Brink's Group and the BHS segment by $8,915. The effect of this change increased net income of the Brink's Group in 1997 by $5,794 ($0.15 per basic and diluted common share).

New subscribers were approximately 105,600 in 1997, 98,500 in 1996, and 82,600 in 1995.

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 $2,600 in 1997, $2,517 in 1996, and $2,712 in 1995) and costs incurred for maintaining facilities and vehicles dedicated to the installation process (in the amount of $2,343 in 1997, $2,022 in 1996, and $1,813 in 1995). The effect of this change in accounting principle was to increase operating profit of the Brink's Group in 1997, 1996 and 1995 by $4,943, $4,539, and $4,525, respectively, and net income of the Brink's Group in 1997, 1996 and 1995 by $3,213, $2,723, and $2,720, respectively, or by $0.08 per basic and diluted common share in 1997 and $0.07 per basic and diluted common share in 1996 and 1995. 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 1997, 1996 and 1995 was immaterial.

6. INTANGIBLES

Intangibles consist entirely of the excess of cost over fair value of net assets of businesses acquired and are net of accumulated amortization of $9,101 at December 31, 1997, and $8,778 at December 31, 1996. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $982 in 1997, $967 in 1996, and $958 in 1995.

In 1997, the Brink's Group acquired the remaining 35% interest in Brink's subsidiary in the Netherlands ("Nedlloyd") for approximately $2,000 with additional contingent payments of up to $2,000 to be paid over the next two years based on certain performance criteria of Brink's-Nedlloyd. The original 65% acquisition in the Nedlloyd partnership resulted in goodwill of approximately $13,200. The acquisition of the remaining 35% interest resulted in a credit to goodwill of approximately $7,400, as the remaining interest was purchased for less than the book value.

7. FINANCIAL INSTRUMENTS

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

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

Cash and cash equivalents and short-term investments

The carrying amounts approximate fair value because of the short maturity of these instruments.

Accounts receivable, accounts payable and accrued liabilities

The carrying amounts approximate fair value because of the short-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 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 Brink's Group does not expect any losses due to such counterparty default. No such financial instruments are in use by the Brink's Group at December 31, 1997.

8. INCOME TAXES

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

	U.S. Federal	Foreign	State	Total
1997:				
Current	$23,694	11,820	3,149	38,663
Deferred	1,013	(42)	19	990
Total	$24,707	11,778	3,168	39,653
1996:				
Current	$18,079	8,830	3,100	30,009
Deferred	1,634	(1,760)	188	62
Total	$19,713	7,070	3,288	30,071
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

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

	Years Ended December 31 1997	1996	1995
Deferred tax (benefit) expense, exclusive of the components listed below	$(2,073)	1,479	1,550
Net operating loss carryforwards	(405)	(1,851)	(790)
Alternative minimum tax credits	3,468	434	(1,712)
Total	$ 990	62	(952)

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, 1997 and December 31, 1996 were as follows:

	1997	1996
Deferred tax assets:		
Accounts receivable	$ 2,953	1,815
Postretirement benefits other than pensions	2,433	2,191
Workers' compensation and other claims	7,014	6,208
Other liabilities and reserves	16,935	14,718
Miscellaneous	3,026	1,113
Net operating loss carryforwards	5,611	5,206
Alternative minimum tax credits	8,176	11,149
Total deferred tax assets	46,148	42,400
Deferred tax liabilities:		
Property, plant and equipment	31,234	25,857
Pension assets	16,037	15,287
Other assets	2,792	2,791
Investments in foreign affiliates	9,331	10,090

Miscellaneous	10,319	10,313
Total deferred tax liabilities	69,713	64,338
Net deferred tax liability	$23,565	21,938

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 1997, 1996 and 1995 to the income before income taxes.

	Years Ended December 31		
	1997	1996	1995
Income before income taxes:			
United States	$ 83,179	63,569	59,507
Foreign	30,096	26,197	14,252
Total	$ 113,275	89,766	73,759
Tax provision computed at statutory rate	$ 39,646	31,418	25,816
Increases (reductions) in taxes due to:			
State income taxes (net of federal tax benefit)	2,059	2,137	1,702
Difference between total taxes on foreign income and the U.S. federal statutory rate	(2,449)	(4,149)	(5,528)
Miscellaneous	397	665	676
Actual tax provision	$ 39,653	30,071	22,666

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, 1997 and December 31, 1996, the unrecognized deferred tax liability for temporary differences of approximately $17,780 and $26,963, 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 $6,223 and $9,437, respectively.

The Brink's Group and its domestic subsidiaries are included in the Company's consolidated U.S. federal income tax return.

As of December 31, 1997, the Brink's Group had $8,176 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 of December 31, 1997 were $5,611 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

9. LONG-TERM DEBT

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

	As of December 31 1997	1996
Senior obligations :		
Venezuelan bolivar term loan due in 2000 (1997 year-end rate 26.40%)	$31,072	--
All other	3,799	2,566
	34,871	2,566
Obligations under capital leases (average rates 8.60% in 1997 and 15.24% in 1996)	3,811	2,976
Total long-term debt, less current maturities	38,682	5,542
Current maturities of long-term debt:		
Senior obligations	5,384	331
Capital leases	2,192	1,808
Total current maturities of long-term debt	7,576	2,139
Total long-term debt including current maturities	$46,258	7,681

For the four years through December 31, 2002, minimum repayments of long-term debt outstanding are as follows:

1999	$ 11,648
2000	22,921
2001	1,137
2002	2,301

The Company has a $350,000 credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. A term loan of $100,000 was outstanding at December 31, 1997 and 1996. Additional borrowings of $25,900 and $23,200 were outstanding at December 31, 1997 and 1996, respectively. The Company pays commitment fees (.125% per annum at December 31, 1997) on the unused portion of the Facility. No portion of the total amount outstanding under the Facility at December 31, 1997 or December 31, 1996 was attributed to the Brink's Group.

In 1997, Brink's entered into a borrowing arrangement with a syndicate of local Venezuelan banks in connection with the acquisition of Custravalca. The borrowings consisted of a long-term loan denominated in Venezuelan bolivars equivalent to U.S. $40,000 and a $10,000 short-term loan denominated in U.S. dollars which was repaid during 1997. The long-term loan bears interest based on the Venezuelan prime rate and is payable in installments through the year 2000. At December 31, 1997, the long-term portion of the Venezuelan debt was the equivalent of U.S. $31,072. Approximately $4,800 is payable in 1998 and is included in current maturities of long-term debt.

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 $610,000 at December 31, 1997.

Various international operations maintain lines of credit and overdraft facilities aggregating approximately $31,900 with a number of banks on either a secured or unsecured basis. At December 31, 1997, $7,967 was outstanding under such agreements and was included in short-term borrowings. Average interest rates on these lines of credit and overdraft facilities at December 31, 1997 approximated 10.2%. Commitment fees paid on the lines of credit and overdraft facilities are not significant.

At December 31, 1997, the Company's portion of outstanding unsecured letters of credit allocated to the Brink's Group was $9,152, primarily supporting the Brink's Group's obligations under its various self-insurance programs.

10. NET INCOME PER SHARE

The following is a reconcilation between the calculation of basic and diluted net income per share:

	Years Ended December 31 1997	1996	1995
Numerator:			
Net income - Basic and diluted net income per share numerator	$73,622	59,695	51,093
Denominator:			
Basic weighted average common shares outstanding	38,273	38,200	37,931
Effect of dilutive securities:			
Employee stock options	518	482	436
Diluted weighted average common shares outstanding	38,791	38,682	38,367

Options to purchase 19 and 23 shares of common stock, at prices between $37.06 and $38.16, and between $28.63 and $29.50 per share were outstanding in 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive. No options were excluded from the computation of diluted net income per share in 1995.

11. STOCK OPTIONS

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

Stock Option Plans

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1997, 1996 and 1995 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 1997, 1996 and 1995 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 2,614. Under the Non-Employee Plan, the total number of shares underlying options authorized for grant, but not yet granted, is 181.

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 (described in the Company's Proxy Statement dated December 31, 1995 resulting in the modification of the capital structure of the Company to include an additional class of common stock), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or Burlington Stock in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such plans, the Company converted these options into options for shares of Brink's Stock or 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, 1,750 shares of Brink's Stock and 1,989 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	1,750	26,865
Granted	369	9,527
Exercised	(166)	(1,800)

Forfeited or expired	(37)	(734)
Outstanding at December 31, 1996	1,916	$ 33,858
Granted	428	13,618
Exercised	(190)	(2,296)
Forfeited or expired	(104)	(2,497)
Outstanding at December 31, 1997	2,050	$ 42,683

Options exercisable at the end of 1997, 1996 and 1995, respectively, for Brink's Stock, on an equivalent basis, were 905, 1,099 and 957.

The following table summarizes information about stock options outstanding as of December 31, 1997.

	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
$ 6.26 to 13.79	420	1.80	$ 9.93	421	$ 9.93
16.77 to 21.34	901	3.03	19.18	476	19.83
25.57 to 29.81	334	4.44	25.92	8	29.50
31.56 to 38.16	395	5.36	31.86	--	--
Total	2,050			905	

Employee Stock Purchase Plan

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 750 shares of Brink's Stock to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 43, 45 and 57 shares of Brink's Stock to employees during 1997, 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.

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:

	1997	1996	1995
Net Income attributed to common shares			
Brink's Group			
As Reported	$ 73,622	59,695	51,093
Pro Forma	71,240	58,389	50,432
Net Income per common share			
Brink's Group			
Basic, As Reported	1.92	1.56	1.35
Basic, Pro Forma	1.86	1.53	1.33
Diluted, As Reported	1.90	1.54	1.33
Diluted, Pro Forma	1.84	1.51	1.31

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:

	1997	1996	1995
Expected dividend yield	0.3%	0.4%	0.4%
Expected volatility	32%	30%	30%
Risk-Free interest rate	6.2%	6.3%	5.8%
Expected term (in years)	4.9	4.7	4.7

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1997, 1996 and 1995 is $5,155, $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 1997, 1996 and 1995 was $366, $224 and $330, respectively, for the Brink's Group.

12. 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 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 .739 and .244 vote per share, respectively, subject to adjustment on January 1, 2000, and on January 1 every two years thereafter in such a manner that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of 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 1, 1998, 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 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding, to ensure that the holders of Minerals Stock are entitled to the same share of any such funds immediately following the consummation of the transactions as they were prior thereto. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, 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).

Dividends paid to holders of Brink's Stock are limited to funds of the Company legally available for the payment of dividends. See the Company's consolidated financial statements and related footnotes. Subject to these limitations, the Company's Board, although there is no requirement to do so, intends to declare and pay dividends on the Brink's Stock based primarily on the earnings, financial condition, cash flow and business requirements of the Brink's Group.

The Company has the authority to issue up to 2,000 shares of preferred stock, par value $10 per share. In January 1994, the Company issued $80,500 or 161 shares of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The Convertible Preferred Stock, which is convertible into Minerals Stock and which has been attributed to the Minerals Group, pays an annual dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available therefore, when as and if, declared by the Board. Such stock also bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon.

In November 1995, the Company's 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 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.

In 1994, the Board authorized the repurchase, from time to time, of up to $15,000 of Convertible Preferred Stock. In November 1995 and February 1997, the Board authorized an increase in the remaining authority to $15,000 and, in May 1997, the Board authorized an increase to $25,000.

Under the share repurchase programs, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 1997	1996
Brink's Stock:		
Shares	166	278
Cost	$4,349	6,937
Convertible Preferred Stock:		
Shares	2	21
Cost	$ 617	7,897
Excess carrying amount (a)	$ 108	2,120

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years which is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1997, the Company had remaining authority to purchase over time 1,056 shares of Pittston Brink's Common Stock and an additional $24,383 of its Convertible Preferred Stock. The aggregate purchase price limitation for all common stock was $24,903 at December 31, 1997. The authority to acquire shares remains in effect in 1998.

In 1997, 1996, and 1995 dividends paid on the Convertible Preferred Stock amounted to $3,589, $3,795, and $4,341, respectively. During 1996 and 1997, the Board declared and the Company paid dividends of 10 cents per share on Brink's stock.

In December 1992, the Company formed the Pittston Company Employee Benefits Trust (the "Trust") to hold shares of its common stock 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 shares of its common stock to the Trust at a price equal to the fair value of the stock on the date of sale. At December 31, 1997, 2,734 shares of Brink's Stock (3,141 in 1996) remained in the Trust, valued at market. The value of these shares has no impact on shareholder's equity.

13. 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, 1997, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Facilities	Equipment & Other	Total
1998	$18,842	8,005	26,847
1999	17,489	6,908	24,397
2000	12,765	4,396	17,161
2001	11,553	3,720	15,273
2002	9,921	3,452	13,373
2003	7,504	230	7,734
2004	7,054	85	7,139
2005	6,834	1	6,835
2006	6,181	1	6,182
Later Years	12,547	1	12,548
Total	$110,690	26,799	137,489

These amounts are net of aggregate future minimum non-cancelable sublease rentals of $1,414.

Net rent expense amounted to $26,414 in 1997, $25,499 in 1996 and $23,469 in 1995 .

The Brink's Group incurred capital lease obligations of $3,898 in 1997, $1,923 in 1996, and $648 in 1995. As of December 31, 1997, the Brink's Group's obligations under capital leases were not significant (Note 9).

14. EMPLOYEE BENEFIT PLANS

The Brink's Group's businesses participate in the Company's noncontributory defined benefit pension plan covering substantially all nonunion employees who meet certain minimum requirements in addition to sponsoring certain other defined benefit plans. Benefits under most of the plans are based on salary (including commissions, bonuses, overtime and premium pay) and years of service. The Brink's Group's pension cost relating to its participation in the Company's defined benefit pension plan is actuarially determined based on its respective employees and an

allocable share of the pension plan assets. The Company's policy is to fund the actuarially determined amounts necessary to provide assets sufficient to meet the benefits to be paid to plan participants in accordance with applicable regulations. The net pension expense (credit) for 1997, 1996 and 1995 for all plans is as follows:

	Years Ended December 31		
	1997	1996	1995
Service cost benefits earned during year	$ 7,547	7,125	5,031
Interest cost on projected benefit obligation	10,985	9,788	8,719
Return on assets actual	(30,047)	(23,485)	(28,019)
Return on assets deferred	14,043	8,643	14,717
Other amortization, net	(398)	(243)	(505)
Net pension expense (credit)	$ 2,130	1,828	(57)

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

	Years Ended December 31		
	1997	1996	1995
Interest cost on projected benefit obligation	8.0%	7.5%	8.75%
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, 1997 and 1996 are as follows:

	1997	1996
Actuarial present value of accumulated benefit obligation:		
Vested	$131,444	112,224
Nonvested	10,908	8,978
	142,352	121,202
Benefits attributable to projected salaries	24,691	21,714
Projected benefit obligation	167,043	142,916
Plan assets at fair value	197,518	177,837
Excess of plan assets over projected benefit obligation	30,475	34,921
Unamortized initial net asset	(1,428)	(2,318)
Unrecognized experience loss (gain)	468	(1,122)
Unrecognized prior service cost	805	1,158
Net pension assets	30,320	32,639
Current pension liabilities	1,393	1,031
Deferred pension assets per balance sheet	$ 31,713	33,670

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 7.5% in 1997 and 8% in 1996. 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 1997 and 1996.

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, 1997, 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 1997, 1996 and 1995, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31		
	1997	1996	1995

Service cost benefits earned during the year	$ 95	92	68
Interest cost on accumulated postretirement benefit obligation	238	248	240
Amortization of gains	(4)	--	--
Total expense	$329	340	308

At December 31, 1997 and 1996, the actuarially determined and recorded liabilities for these postretirement benefits, none of which have been funded, were as follows:

	Years Ended December 31 1997	1996
Accumulated postretirement benefit obligation:		
Retirees	$1,291	1,566
Fully eligible active plan participants	931	791
Other active plan participants	1,181	1,155
	3,403	3,512
Unrecognized experience gain	953	605
Liability included on the balance sheet	4,356	4,117
Less current portion	259	282
Noncurrent liability for postretirement health care and life insurance benefits	$4,097	3,835

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.5% in 1997, and 8% in 1996. 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 1997 for employees under a foreign plan was 7.43% grading down to 5% in the year 2001.

The Brink's Group also participates in the Company's Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 75% to 125% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $4,130 in 1997, $3,612 in 1996, and $2,794 in 1995.

15. 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 $1,471, $1,941, and $136 for 1997, 1996 and 1995, respectively.

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

	Ownership At December 31, 1997
Servicio Pan Americano De Protecion, S.A. (Mexico)	20%
Brink's Panama, S.A.	49%
Brink's Peru, S.A.	36%
Brink's S.A. (France)	38%
Brink's Schenker, GmbH (Germany)	50%
Security Services (Brink's Jordan), W.L.L.	45%
Brink's-Allied Limited (Ireland)	50%
Brink's Arya India Private Limited	40%
Brink's Pakistan (Pvt.) Limited	49%
Brink's (Thailand) Ltd.	40%

	1997	1996	1995
Revenues	$564,560	660,916	715,423
Gross profit	92,635	73,632	58,661
Net income (loss)	6,914	10,427	(6,048)
Current assets	111,912	171,336	155,687
Noncurrent assets	188,358	197,642	218,019
Current liabilities	132,758	168,986	209,016
Noncurrent liabilities	79,208	109,972	80,860
Net equity	88,304	90,020	83,830

(a) Also includes amounts related to equity affiliates who were either sold prior to December 31, 1997, became consolidated affiliates through increased ownership prior to December 31, 1997 or converted to a cost investment. All amounts for such affiliates are presented pro-rata, where applicable.

Undistributed earnings of such companies approximated $29,100 at December 31, 1997.

16. SEGMENT INFORMATION

Operating revenues by geographic area are as follows:

	Years Ended December 31		
	1997	1996	1995
North America (United States and Canada)	$ 661,765	574,743	508,166
Europe	146,464	128,848	124,151
Latin America	266,445	182,481	137,558
Asia/Pacific	26,760	23,741	18,520
Total operating revenues	$1,101,434	909,813	788,395

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 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		
	1997	1996	1995

North America (United States and Canada)	$ 93,456	79,259	68,665
Europe	10,039	4,734	5,491
Latin America	28,711	15,243	6,246
Asia/Pacific	2,229	2,459	1,842
Brink's Group's portion of the Company's segment operating profit	134,435	101,695	82,244
Allocated general corporate expense	(6,871)	(7,457)	(4,770)
Total operating profit	$ 127,564	94,238	77,474

The Brink's Group's portion of the Company's assets at year end is as follows:

	As of December 31		
	1997	1996	1995
North America (United States and Canada)	$379,363	307,949	268,911
Europe	83,779	95,176	99,533
Latin America	156,278	76,450	61,862
Asia/Pacific	14,745	11,339	7,417
Brink's Group's portion of the Company's assets	634,165	490,914	437,723
Brink's Group's portion of corporate assets	27,786	35,409	24,697
Deferred tax reclass	30,379	25,342	22,306
Total assets	$692,330	551,665	484,726

Industry segment information is as follows:

	Years Ended December 31		
	1997	1996	1995
Revenues:			
Brink's	$921,851	754,011	659,459
BHS	179,583	155,802	128,936
Total revenues	$1,101,434	909,813	788,395
Operating Profit:			
Brink's (a)	$81,591	56,823	42,738
BHS (b) (c)	52,844	44,872	39,506
Segment operating profit	134,435	101,695	82,244
Allocated general corporate expense	(6,871)	(7,457)	(4,770)
Total operating profit	$127,564	94,238	77,474

(a) Includes equity in net income of unconsolidated foreign affiliates of $1,471 in 1997, $1,941 in 1996 and $136 in 1995 (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 $4,943 in 1997, $4,539 in 1996 and $4,525 in 1995 (Note 5).

(c) BHS changed its annual depreciation rate in 1997 resulting in a reduction of depreciation expense for capitalized installation costs of $8,915 (Note 5).

	As of December 31		
	1997	1996	1995
Capital Expenditures:			
Brink's	$ 49,132	34,072	23,063
BHS	70,927	61,522	47,256
Allocated general corporate	214	2,083	111
Total capital expenditures	$120,273	97,677	70,430
Depreciation and Amortization:			
Brink's	$ 30,758	24,293	21,844
BHS	30,344	30,115	22,408
Allocated general corporate expense	229	158	105
Total depreciation and amortization	$ 61,331	54,566	44,357
Assets at December 31:			
Brink's	441,138	340,922	321,022
BHS	193,027	149,992	116,701
Identifiable assets	634,165	490,914	437,723
Allocated portion of the Company's corporate assets	27,786	35,409	24,697
Deferred tax reclass	30,379	25,342	22,306
Total assets	$692,330	551,665	484,726

17. 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 $6,600 and $11,900 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 and certain assumptions the Company is making with respect to the end use of the property. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, 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. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the event the parties are unable to settle the dispute, the case is scheduled to be tried beginning September, 1998. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law, and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for is immaterial.

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 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 14 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.

18. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1997, 1996 and 1995, cash payments for income taxes, net of refunds received, were $39,476, $33,718, and $22,352, respectively.

For the years ended December 31, 1997, 1996 and 1995, cash payments for interest were $11,402, $1,825, and $1,663, respectively.

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1997 and 1996. The 1996 and first three quarters of 1997 net income per share amounts have been restated to comply with SFAS No. 128, "Earnings Per Share" (Note 1).

	1st	2nd	3rd	4th
1997 Quarters:				
Operating revenues	$251,384	268,775	280,075	301,200
Gross profit	63,476	71,034	72,193	79,726
Net income	15,306	17,739	19,372	21,205
Net income per Pittston Brink's Group common share:				
Basic	$ .40	.46	.51	.55
Diluted	.40	.46	.50	.54
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
Net income per Pittston Brink's Group common share:				
Basic	$ .31	.37	.41	.47
Diluted	.31	.36	.41	.46

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, 1997 and 1996, and the related statements of operations and cash flows for each of the years in the three-year period ended December 31, 1997. 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, 1997 and 1996, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1997, 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
Stamford, Connecticut

January 28, 1998

Pittston Burlington Group
BALANCE SHEETS

(In thousands)	December 31 1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 28,790	17,818
Accounts receivable:		
Trade	302,860	260,629
Other	14,056	11,277
	316,916	271,906
Less estimated amount uncollectible	10,110	9,528
	306,806	262,378
Inventories	1,359	2,251
Prepaid expenses	11,050	12,459
Deferred income taxes (Note 8)	7,159	7,847
Total current assets	355,164	302,753
Property, plant and equipment, at cost (Note 5)	207,447	176,183
Less accumulated depreciation and amortization	78,815	62,900
	128,632	113,283
Intangibles, net of accumulated amortization (Note 6)	174,791	177,797
Deferred pension assets (Note 14)	7,600	9,504
Deferred income taxes (Note 8)	19,814	19,015
Other assets	15,442	13,046
Total assets	$701,443	635,398
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term borrowings	$ 31,071	29,918
Current maturities of long-term debt (Note 9)	3,176	2,916
Accounts payable	194,489	175,198
Payable--Pittston Minerals Group (Note 2)	4,966	3,270
Accrued liabilities:		
Taxes	14,958	6,343
Workers' compensation and other claims	732	2,614
Payroll and vacation	18,380	10,207
Miscellaneous (Note 14)	44,293	48,135
	78,363	67,299
Total current liabilities	312,065	278,601
Long-term debt, less current maturities (Note 9)	37,016	28,723
Postretirement benefits other than pensions (Note 14)	3,518	3,145
Deferred income taxes (Note 8)	1,447	1,880
Payable--Pittston Minerals Group (Note 2)	13,239	13,310
Other liabilities	10,448	4,750
Commitments and contingent liabilities (Notes 9, 13 and 17)		
Shareholder's equity (Notes 3, 11 and 12)	323,710	304,989
Total liabilities and shareholder's equity	$701,443	635,398

See accompanying notes to financial statements.

Pittston Burlington Group

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1997	1996	1995
Operating revenues	$ 1,662,338	1,484,869	1,403,195
Costs and expenses:			
Operating expenses	1,455,336	1,301,974	1,234,095
Selling, general and administrative expenses	153,104	127,254	117,980
Total costs and expenses	1,608,440	1,429,228	1,352,075
Other operating income, net	2,507	1,530	2,833
Operating profit	56,405	57,171	53,953
Interest income (Note 2)	820	2,463	4,430
Interest expense (Note 2)	(5,211)	(4,097)	(5,108)
Other expense, net	(679)	(2,028)	(1,702)
Income before income taxes	51,335	53,509	51,573
Provision for income taxes (Note 8)	18,987	19,708	18,718
Net income	$ 32,348	33,801	32,855
Net income per common share (Note 10):			
Basic	$ 1.66	1.76	1.73
Diluted	1.62	1.72	1.68
Average common shares outstanding (Note 10):			
Basic	19,448	19,223	18,966
Diluted	19,993	19,681	19,596

See accompanying notes to financial statements.

Pittston Burlington Group

STATEMENTS OF CASH FLOWS

(In thousands)	1997	1996	1995
	Years Ended December 31		
Cash flows from operating activities:			
Net income	$ 32,348	33,801	32,855
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	29,905	23,427	19,972
Provision for aircraft heavy maintenance	34,057	32,057	26,317
Credit for deferred income taxes	(1,429)	(2,830)	(4,345)
Provision for pensions, noncurrent	1,606	1,461	218
Provision for uncollectible accounts receivable	4,461	3,009	2,336
Other operating, net	2,591	1,916	843
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	(43,012)	(33,875)	(38,946)
Decrease (increase) in inventories	893	(569)	351
Decrease (increase) in prepaid expenses	1,638	1,249	(4,127)
Increase in accounts payable and accrued liabilities	13,534	5,300	5,193
Increase in other assets	(9,479)	(272)	(551)
Increase (decrease) in other liabilities	2,819	(824)	642
Other, net	1,576	(761)	(1,270)
Net cash provided by operating activities	71,508	63,089	39,488
Cash flows from investing activities:			
Additions to property, plant and equipment	(31,064)	(61,321)	(32,399)
Proceeds from disposal of property, plant and equipment	75	3,898	422
Aircraft heavy maintenance expenditures	(29,748)	(23,373)	(22,356)
Acquisitions, net of cash acquired, and related contingency payments	(9,131)	(2,944)	(1,338)
Other, net	4,857	4,757	3,683
Net cash used by investing activities	(65,011)	(78,983)	(51,988)
Cash flows from financing activities:			
Additions to debt	39,009	3,584	28,060
Reductions of debt	(32,663)	(3,948)	(2,834)
Payments from (to) Minerals Group, net	7,696	12,179	(878)
Repurchase of common stock	(7,407)	(1,406)	(1,132)
Proceeds from exercise of stock options and employee stock purchase plan	2,389	3,207	951
Dividends paid	(4,549)	(4,514)	(4,204)
Cost of stock proposal	--	(1,237)	--
Net cash provided by financing activities	4,475	7,865	19,963
Net increase (decrease) in cash and cash equivalents	10,972	(8,029)	7,463
Cash and cash equivalents at beginning of period	17,818	25,847	18,384
Cash and cash equivalents at end of period	$ 28,790	17,818	25,847

See accompanying notes to financial statements.

Pittston Burlington Group

NOTES TO FINANCIAL STATEMENTS

(In thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

As used herein, the "Company" includes The Pittston Company and its direct and indirect subsidiaries, except as otherwise indicated by the context. The Company is comprised of three separate groups - Pittston Brink's Group, Pittston Burlington Group, and Pittston Minerals Group. The financial statements of the Burlington Group include the balance sheets, the results of operations and cash flows of the Burlington 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 Pittston Burlington Group Common Stock ("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 unless control exists, in which case, consolidation occurs. 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 ("SFAS") No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse.

See Note 2 for allocation of the Company's 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 SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

Accounting for Stock Based Compensation

The Burlington Group has implemented the disclosure-only provisions of SFAS No. 123 "Accounting for Stock Based Compensation" (Note 11). The Burlington Group continues to measure compensation expense for its stock-based compensation plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

Foreign Currency Translation

Assets and liabilities of foreign operations have been translated at 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. The Burlington Group also utilizes other financial instruments to protect against adverse price movements in jet fuel which it consumes as well as interest rate changes in certain variable rate obligations.

Gains and losses on these contracts, designated as effective hedges, are deferred and recognized as part of the specific transaction hedged. Since they are accounted for as hedges, the fair value of these contracts is not recognized in the Burlington Group's Financial Statements. Gains or losses resulting from the early termination of such contracts are deferred and amortized as an adjustment to the currency transaction hedged, the yield of variable rate obligations, or the cost of jet fuel over the remaining period originally covered by the terminated contracts. In addition, if the underlying items being hedged were retired prior to maturity, the unamortized gain or loss resulting from the early termination of the related interest rate swap would be included in the gain or loss on the extinguishment of the obligation.

Revenue Recognition

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.

Net Income Per Share

Basic and diluted net income per share for the Burlington Group are computed by dividing net income by the basic weighted-average common shares outstanding and the diluted weighted-average common shares outstanding, respectively. Diluted weighted-average common shares outstanding includes additional shares assuming the exercise of stock options. However, when the exercise of stock options is antidilutive, they are excluded from the calculation. The shares of Burlington Stock held in The Pittston Company Employee Benefits Trust ("the Trust" - see Note 12) are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations.

Use of Estimates

In accordance with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

Accounting Changes

In 1997, the Burlington Group implemented SFAS No. 128 "Earnings Per Share." SFAS No. 128 replaced the calculation of primary and fully diluted net income per share with basic and diluted net income per share (Note 10). Unlike primary net income per share, basic net income per share excludes any dilutive effects of options, warrants and convertible securities. Diluted net income per share is very similar to the previous fully diluted net income per share. All prior-period net income per share data has been restated to conform with the provisions of SFAS No. 128.

Pending Accounting Changes

The Burlington Group will implement SFAS No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders. With the exception of foreign currency translation adjustments, such changes are not significant to the Burlington Group.

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", will be implemented in the financial statements for the year ended December 31, 1998. SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of this SFAS is not expected to have a material impact on the financial statements of the Burlington Group.

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 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 9 for details and amounts of long-term debt. The portion of the Company's interest expense allocated to the Burlington Group for 1997, 1996 and 1995 was $924, $663, and $2,327, 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, 1997 and 1996, the Minerals Group owed the Burlington Group $0 and $7,730, respectively, as the result of such borrowings.

Income Taxes

The Burlington Group and its domestic subsidiaries are 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, 1997 and 1996, the Burlington Group owed the Minerals Group $18,239 and $24,310, respectively, for such tax benefits, of which $13,239 and $13,310, 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 $10,278 in 1997 and $14,949 in 1996 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 $6,859, $7,433, and $4,770 in 1997, 1996 and 1995, 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 SFAS No. 87, "Employers' Accounting for Pensions". 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		
	1997	1996	1995
Balance at beginning of period	$304,989	271,853	240,880
Net income	32,348	33,801	32,855
Foreign currency translation adjustment	(8,315)	(171)	945
Stock options exercised	2,389	2,970	548
Stock released from employee benefits trust to employee benefits plan	3,604	3,017	1,661
Stock repurchases	(7,405)	(1,407)	(1,134)
Dividends declared	(4,805)	(4,707)	(4,201)
Cost of stock proposal	--	(1,237)	--
Tax benefit of options exercised	905	870	299
Balance at end of period	$323,710	304,989	271,853

The cumulative foreign currency translation adjustment deducted from shareholder's equity is $9,207, $892, and $721 at December 31, 1997, 1996 and 1995, respectively.

4. ACQUISITIONS

In June 1997, the Burlington Group acquired Cleton & Co. ("Cleton"), a leading logistics provider in the Netherlands. The Burlington Group acquired Cleton for the equivalent of U.S. $10,700 and the initial assumption of the equivalent of U.S. $10,000 of debt, of which approximately U.S. $6,000 was outstanding at December 31, 1997. Additional contingent payments ranging from the current equivalent of U.S. $0 to U.S. $18,000 will be paid over the next three years based on certain performance criteria of Cleton. Approximately $3,000 of goodwill is being amortized on a straight-line basis over 40 years.

In addition, in 1997, the Burlington Group acquired the remaining interests in South Africa.

These acquisitions were accounted for under the purchase method, and, accordingly, the costs of the acquisitions were allocated to the assets acquired and liabilities assumed based on their respective fair values. The results of the operations of each of the acquired companies have been included in the Burlington Group's combined results of operations since each respective date of acquisition.

These 1997 acquisitions were not material to the Burlington Group's combined financial statements taken as a whole. There were no material acquisitions in 1996 or 1995.

5. PROPERTY, PLANT AND EQUIPMENT

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

	As of December 31	
	1997	1996
Land	$ 1,777	3,266
Buildings	47,248	32,466
Machinery and equipment	158,422	140,451
Total	$207,447	176,183

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

	Years
Buildings	15 to 40
Machinery and equipment	3 to 15

Depreciation of property, plant and equipment aggregated $23,285 in 1997, $16,887 in 1996, and $13,448 in 1995.

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 $85,150 at December 31, 1997 and $79,302 at December 31, 1996. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $6,528 in 1997, $6,465 in 1996, and $6,295 in 1995.

7. 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 places its cash and cash equivalents with high credit quality financial institutions. Also, by policy, the amount of credit exposure to any one financial institution is limited. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Burlington Group's customer base and their dispersion across many different geographic areas.

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

Cash and cash equivalents

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 one year as a hedge against liabilities denominated in various currencies. These contracts minimize the Burlington Group's exposure to exchange rate movements related to cash requirements of foreign operations denominated in various currencies. At December 31, 1997, the total notional value of foreign currency forward contracts outstanding was $2,216 and the fair value approximated notional value.

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, 1997, these transactions aggregated 33.3 million gallons and mature periodically throughout the first three quarters of 1998. 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, 1997, the fair value of these contracts was not significant.

Interest rate contracts--In connection with the aircraft leasing by BAX Global, 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 and fixes the Company's variable interest rate on these leases at 7.05% through January 2, 1998. At December 31, 1997, the fair value of the contract was not significant.

8. INCOME TAXES

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

	U.S. Federal	Foreign	State	Total
1997:				
Current	$ 16,646	2,570	1,200	20,416
Deferred	1,774	(3,461)	258	(1,429)
Total	$ 18,420	(891)	1,458	18,987
1996:				
Current	$ 18,967	2,371	1,200	22,538
Deferred	351	(3,166)	(15)	(2,830)
Total	$ 19,318	(795)	1,185	19,708
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

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

	Years Ended December 31		
	1997	1996	1995
Deferred tax benefit, exclusive of the components listed below	$(1,528)	(372)	(2,212)
Net operating loss carryforwards	(3,382)	(2,887)	(1,490)
Alternative minimum tax credits	3,481	429	(565)
Change in the valuation allowance for deferred tax assets	--	--	(78)
Total	$(1,429)	(2,830)	(4,345)

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, 1997 and December 31, 1996 were as follows:

	1997	1996
Deferred tax assets:		
Accounts receivable	$ 2,679	2,517
Postretirement benefits other than pensions	1,493	1,302
Workers' compensation and other claims	869	761
Other liabilities and reserves	14,436	13,358
Miscellaneous	1,716	1,840
Net operating loss carryforwards	11,609	8,227
Alternative minimum tax credits	8,505	11,597
Total deferred tax assets	41,307	39,602
Deferred tax liabilities:		
Property, plant and equipment	3,254	625
Pension assets	(726)	807
Other assets	636	496
Miscellaneous	12,617	12,692
Total deferred tax liabilities	15,781	14,620
Net deferred tax asset	$25,526	24,982

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 1997, 1996 and 1995 to the income before income taxes.

	Years Ended December 31		
	1997	1996	1995
Income before income taxes:			
United States	$34,164	37,794	34,943
Foreign	17,171	15,715	16,630
Total	$51,335	53,509	51,573
Tax provision computed at statutory rate	$17,967	18,730	18,051
Increases (reductions) in taxes due to:			
State income taxes (net of federal tax benefit)	948	771	688
Goodwill amortization	2,067	2,086	2,079
Difference between total taxes on foreign income and the U.S. federal statutory rate	(2,291)	(2,392)	(1,430)
Miscellaneous	296	513	(670)
Actual tax provision	$18,987	19,708	18,718

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, 1997 and December 31, 1996, the unrecognized deferred tax liability for temporary differences of approximately $12,206 and $13,454, 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 $4,272 and $4,709, respectively.

The Burlington Group and its domestic subsidiares are included in the Company's consolidated U.S. federal income tax return.

As of December 31, 1997, the Burlington Group had $8,505 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 of December 31, 1997 were $11,609 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

9. LONG-TERM DEBT

A portion of the outstanding debt under the Company's credit agreement 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 1997	1996
Senior obligations:		
Netherlands guilder term loan due 1998 (1997 year-end rate 4.29%)	$10,700	--
All other	14,767	13,195
	25,467	13,195
Obligations under capital leases (average rates 15.51% in 1997 and 11.31% in 1996)	671	1,180
	26,138	14,375
Attributed portion of the Company's debt:		
Revolving credit notes due 2001 (1997 year-end rate 5.92%)	10,878	--
4% subordinated debentures due 1997	--	14,348
Total long-term debt, less current maturities	37,016	28,723
Current maturities of long-term debt:		
Senior obligations	3,176	2,916
Total current maturities of long-term debt	3,176	2,916
Total long-term debt including current maturities	$40,192	31,639

For the four years through December 31, 2002, minimum repayments of long-term debt outstanding are as follows:

1999	$ 2,556
2000	1,844
2001	24,482
2002	518

In 1997, BAX Global entered into a borrowing agreement in connection with its acquisition of Cleton. The loan, denominated in Netherlands guilders equivalent to U.S. $10,700, matured in January 1998 and was extended to March 1998. This debt is classified as long-term in accordance with the Company's intention and ability to refinance the obligation on a long-term basis.

The Company has a $350,000 credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. The maturity date of both the term loan and the revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. A term loan of $100,000 was outstanding at December 31, 1997 and 1996. Additional borrowings of $25,900 and $23,200 were outstanding at December 31, 1997 and 1996, respectively. The Company pays commitment fees (.125% per annum at December 31, 1997) on the unused portion of the Facility. At December 31, 1997 and 1996, $10,878 and $0, respectively, of these additional borrowings were attributed to the Burlington Group.

The 4% subordinated debentures became due July 1, 1997. The Company repaid the debentures from borrowings under the Facility.

Under the terms of the Facility, the Company has agreed to maintain at least $400,000 of Consolidated Net Worth, as defined, and can incur additional indebtedness of approximately $610,000 at December 31, 1997.

Various international operations maintain lines of credit and overdraft facilities aggregating approximately $99,100 with a number of banks on either a secured or unsecured basis. At December 31, 1997, $30,799 was outstanding under such agreements and was included in short-term borrowings. Average interest rates on the lines of credit and overdraft facilities at December 31, 1997 approximated 6.3%. Commitment fees paid on the lines of credit and overdraft facilities are not significant.

At December 31, 1997, the Company's portion of outstanding unsecured letters of credit allocated to the Burlington Group was $40,006, primarily supporting the Burlington Group's obligations under aircraft lease obligations and its various self-insurance programs.

10. NET INCOME PER SHARE

The following is a reconciliation between the calculation of basic and diluted net income per share:

	Years Ended December 31 1997	1996	1995
Numerator:			
Net income-Basic and diluted net income per share numerator	$32,348	33,801	32,855
Denominator:			
Basic weighted average common shares outstanding	19,448	19,223	18,966
Effect of dilutive securities:			
Employee stock options	545	458	630
Diluted weighted average common shares outstanding	19,993	19,681	19,596

Options to purchase 7 and 30 shares of common stock at $27.91 and at prices between $20.19 and $21.13 per share, were outstanding in 1997 and 1996, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive. No options were excluded from the computation of diluted net income per share in 1995.

11. STOCK OPTIONS

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

Stock Option Plans

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1997, 1996 and 1995 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 1997, 1996 and 1995 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 2,690. Under the Non-Employee Plan, the total number of shares underlying options for grant, but not yet granted, is 140.

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 (described in the Company's Proxy Statement dated December 31, 1995 resulting in the modification of the capital structure of the Company to include an additional class of common stock), the 1988 and Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or Burlington Stock, in addition to Minerals Stock. At the time of the approval of the Brink's Stock Proposal, a total of 2,383 shares of Services Stock were subject to options outstanding under the 1988 Plan, the Non-Employee Plan, the 1979 Plan and the 1985 Plan. Pursuant to antidilution provisions in the option agreements covering such plans, the Company converted these options into options for shares of Brink's Stock or 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, 1,750 shares of Brink's Stock and 1,989 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	23,474
Granted	440	7,972
Exercised	(318)	(2,905)
Forfeited or expired	(64)	(952)
Outstanding at December 31, 1996	2,047	$ 27,589
Granted	526	12,693
Exercised	(246)	(2,389)
Forfeited or expired	(71)	(1,223)
Outstanding at December 31, 1997	2,256	$ 36,670

Options exercisable at the end of 1997, 1996 and 1995, respectively, on an equivalent basis, for Burlington Stock were 827, 1,034 and 1,030.

The following table summarizes information about stock options outstanding as of December 31, 1997.

	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 11.70	475	1.57	$ 8.49	475	$ 8.49
13.41 to 16.32	782	3.25	14.75	282	15.45
17.06 to 21.13	498	4.04	18.00	70	17.29
23.88 to 27.91	501	5.38	24.24	--	--
Total	2,256			827	

Employee Stock Purchase Plan

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 375 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 29, 32 and 29 shares of Burlington Stock to employees during 1997, 1996 and 1995, respectively. The share amounts for Burlington Stock include the restatement for the Services Stock conversion under the Brink's Stock Proposal.

Accounting For Plans

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

	1997	1996	1995
Net Income attributed to common shares			
Burlington Group			
As Reported	32,348	33,801	32,855
Pro Forma	30,170	32,528	32,098
Net Income per common share			
Burlington Group			
Basic, As Reported	1.66	1.76	1.73
Basic, Pro Forma	1.55	1.69	1.69
Diluted, As Reported	1.62	1.72	1.68
Diluted, Pro Forma	1.51	1.65	1.64

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:

	1997	1996	1995
Expected dividend yield	1.0%	1.2%	1.2%
Expected volatility	29%	32%	32%
Risk-Free interest rate	6.2%	6.3%	5.8%
Expected term (in years)	4.8	4.7	4.7

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1997, 1996 and 1995 is $4,182, $2,679 and $2,549, respectively.

Under SFAS No. 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1997, 1996 and 1995 was $321, $231 and $352, respectively, for the Burlington Group.

12. 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 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 .739 and .244 vote per share, respectively, subject to adjustment on January 1, 2000, and on January 1 every two years thereafter in such a manner so that each class' share of the aggregate voting power at such time will be equal to that class' share of the aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of 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 1, 1998, 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 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, 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).

Dividends paid to holders of Burlington Stock are limited to funds of the Company legally available for the payment of dividends. See the Company's consolidated financial statements and related footnotes. Subject to these limitations, the Company's Board, although there is no requirement to do so, intends to declare and pay dividends on the 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 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. Such stock also bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon.

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 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.

In 1994, the Board authorized the repurchase from time to time of up to $15,000 of Convertible Preferred Stock. In November 1995 and February 1997, the Board authorized an increase in the remaining authority to $15,000 and in May 1997, the Board authorized an increase in the remaining repurchase authority to $25,000.

Under the share repurchase programs, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 1997	1996
Burlington Stock:		
Shares	332	76
Cost	$7,405	1,407
Convertible Preferred Stock:		
Shares	2	21
Cost	$ 617	7,897
Excess carrying amount (a)	$ 108	2,120

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years which is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1997 the Company had remaining authority to purchase over time 1,092 shares of Pittston Burlington Group Common Stock and an additional $24,383 of its Convertible Preferred Stock. The aggregate purchase price limitation for all common stock was $24,903 at December 31, 1997. The authority to acquire shares remains in effect in 1998.

In 1997, 1996 and 1995, dividends paid on the Convertible Preferred Stock amounted to $3,589, $3,795 and $4,341, respectively. During 1996 and 1997, the Board declared and the Company paid dividends of 24 cents on Burlington stock.

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 shares of its common stock to the Trust at a price equal to the fair value of the stock on the date of sale. At December 31, 1997, 868 shares of Burlington Stock (1,280 in 1996) remained in the Trust, valued at market. The value of these shares has no impact on shareholder's equity.

13. 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, 1997, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Aircraft	Facilities	Equipment & Other	Total
1998	$22,479	23,337	4,870	50,686
1999	20,157	19,580	3,699	43,436
2000	13,488	15,062	2,809	31,359
2001	10,402	11,961	1,598	23,961
2002	5,184	10,374	803	16,361
2003	1,152	8,976	417	10,545
2004	--	7,496	417	7,913
2005	--	6,429	417	6,846
2006	--	5,689	417	6,106
Later Years	--	56,983	2,882	59,865
Total	$72,862	165,887	18,329	257,078

These amounts are net of aggregate future minimum noncancellable sublease rentals of $1,410.

Net rent expense amounted to $61,650 in 1997, $61,827 in 1996, and $62,751 in 1995.

The Burlington Group incurred capital lease obligations of $352 in 1997, $231 in 1996, and $2,288 in 1995. As of December 31, 1997, the Burlington Group's obligations under capital leases were not significant (Note 9).

The Burlington Group is in the process of renewing certain aircraft leasing agreements with terms of 4 to 5 years. Aggregate future minimum lease payments under these agreements will approximate $42,000.

14. 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 1997, 1996 and 1995 for all plans is as follows:

	Years Ended December 31		
	1997	1996	1995
Service cost--benefits earned during year	$ 4,110	4,067	2,856
Interest cost on projected benefit obligation	4,653	4,010	3,162
Return on assets--actual	(12,710)	(8,053)	(11,344)
Return on assets deferred	6,257	2,177	6,223
Other amortization, net	(372)	(339)	(305)
Net pension expense	$ 1,938	1,862	592

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

	1997	1996	1995
Interest cost on projected benefit obligation	8.0%	7.5%	8.75%
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, 1997 and 1996 are as follows:

	1997	1996
Actuarial present value of accumulated benefit obligation:		
Vested	$ 54,967	43,018
Nonvested	3,674	2,846
	58,641	45,864
Benefits attributable to projected salaries	14,918	12,454
Projected benefit obligation	73,559	58,318
Plan assets at fair value	79,111	68,016
Excess of plan assets over projected benefit obligation	5,552	9,698
Unamortized initial net asset	(22)	(401)
Unrecognized experience loss (gain)	1,495	(321)
Unrecognized prior service cost	172	146
Net pension assets	7,197	9,122
Current pension liabilities	403	382
Deferred pension assets per balance sheet	$ 7,600	9,504

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 7.5% in 1997 and 8% in 1996. 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 1997 and 1996.

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, 1997, approximately 77% of plan assets were invested in equity securities and 23% 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 1997, 1996 and 1995, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31		
	1997	1996	1995
Service cost--benefits earned during year	$166	167	129
Interest cost on accumulated postretirement			

benefit obligation	226	213	192
Total expense	$392	380	321

At December 31, 1997 and 1996, the actuarially determined and recorded liabilities for these postretirement benefits, none of which have been funded, were as follows:

	Years Ended December 31	
	1997	1996
Accumulated postretirement benefit obligation:		
Retirees	$ 465	546
Fully eligible active plan participants	799	517
Other active plan participants	2,127	2,007
	3,391	3,070
Unrecognized experience gain	178	75
Liability included on the balance sheet	3,569	3,145
Less current portion	51	--
Noncurrent liability for postretirement health care and life insurance benefits	$3,518	3,145

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.5% in 1997 and 8% in 1996. 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 $2,239 in 1997, $2,259 in 1996 and $2,326 in 1995.

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 $206 in 1997, $643 in 1996 and $662 in 1995.

15. OTHER OPERATING INCOME

Other operating income primarily includes foreign exchange transaction gains and losses.

16. SEGMENT INFORMATION

Operating revenues by geographic area are as follows:

		Years Ended December 31	
	1997	1996	1995
United States	$ 628,418	554,553	535,091
International operations	1,033,920	930,316	868,104
Total operating revenues	$1,662,338	1,484,869	1,403,195

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, 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:

		Years Ended December 31	
	1997	1996	1995
United States(a)	$ 32,108	36,143	30,416
International operations(a)	31,156	28,461	28,307
Burlington Group's portion of the Company's segment operating profit	63,264	64,604	58,723
Corporate expenses allocated to the Burlington Group	(6,859)	(7,433)	(4,770)
Total operating profit	$ 56,405	57,171	53,953

(a) The 1997 amounts include the allocation of $12,500 of consulting expenses related to the redesign of BAX Global's business processes and information systems architecture. The $12,500 was allocated $4,750 to the U.S. operations and $7,750 to International operations.

The Burlington Group's portion of the Company's assets at year end is as follows:

		As of December 31	
	1997	1996	1995
United States	$399,761	344,048	302,593
International operations	290,383	273,736	237,126
Burlington Group's portion of the Company's assets	690,144	617,784	539,719
Burlington Group's portion of corporate assets	11,299	17,614	32,358
Total assets	$701,443	635,398	572,077

17. CONTINGENT LIABILITIES

Under the Coal Industry Retiree Health Benefit Act of 1992 (the "Act"), the Company and its majority-owned subsidiaries at July 20, 1992, including certain companies of the Burlington Group included in these financial statements, are jointly and severally liable with certain companies of the Brink's Group and of the Minerals Group for the costs of health care coverage provided for by that Act. For a description of the Act and an estimate of certain of such costs, see Note 14 to the Company's consolidated financial statements. At this time, the Company expects the Minerals Group to 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 $6,600 and $11,900 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 and certain assumptions the Company is making with respect to the end use of the property. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, 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. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the event the parties are unable to settle the dispute, the case is scheduled to be tried beginning September, 1998. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law, and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for is immaterial.

18. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1997, 1996 and 1995, cash payments for income taxes, net of refunds received, were $17,092, $22,018, and $20,346, respectively.

For the years ended December 31, 1997, 1996 and 1995, cash payments for interest were $5,347, $4,646 and $5,055, respectively.

In connection with the June 1997 acquisition of Cleton & Co. ("Cleton"), the Burlington Group assumed the equivalent of U.S. $10,000 of Cleton debt, of which the equivalent of approximately U.S. $6,000 was outstanding at December 31, 1997.

19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Tabulated below are certain data for each quarter of 1997 and 1996. The 1996 and the first three quarters of 1997 net income per share amounts have been restated to comply with SFAS No. 128, "Earnings Per Share" (Note 1). Third quarter 1997 amounts have been reclassified to include $3,948 of revenues and transportation expenses from Cleton, which was acquired in June 1997.

	1st	2nd	3rd	4th
1997 Quarters:				
Operating revenues	$371,409	399,567	443,376	447,986
Gross profit	40,498	43,874	64,283	58,347
Net income (loss)	5,08	(1,913)	15,993	13,180
Net income (loss) per Pittston Burlington Group common share:				
Basic	$ .26	(.10)	.82	.68
Diluted	.26	(.10)	.80	.66
1996 Quarters:				
Operating revenues	$348,095	360,064	373,177	403,533
Gross profit	37,595	46,256	50,414	48,630
Net income	3,763	8,746	10,705	10,587
Net income per Pittston Burlington Group common share:				
Basic	$ .20	.46	.56	.55
Diluted	.19	.44	.54	.53

Pittston Minerals Group
STATEMENT OF MANAGEMENT RESPONSIBILITY

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

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

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

The accompanying financial statements have been audited by KPMG 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, 1997 and 1996, and the related statements of operations and cash flows for each of the years in the three-year period ended December 31, 1997. 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, 1997 and 1996, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1997, 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
Stamford, Connecticut

January 28, 1998

Pittston Minerals Group

BALANCE SHEETS

(In thousands)	December 31 1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,394	3,387
Accounts receivable:		
Trade (Note 5)	53,430	74,366
Other	12,384	15,804
	65,814	90,170
Less estimated amount uncollectible	2,215	1,618
	63,599	88,552
Coal inventory	31,644	26,495
Other inventory	3,702	5,308
	35,346	31,803
Prepaid expenses	5,045	8,659
Deferred income taxes (Note 8)	25,136	27,229
Total current assets	132,520	159,630
Property, plant and equipment, at cost (Notes 1 and 4)	336,724	324,924
Less accumulated depreciation, depletion and amortization	164,386	154,115
	172,338	170,809
Deferred pension assets (Note 15)	83,825	81,067
Deferred income taxes (Note 8)	54,778	62,899
Intangibles, net of accumulated amortization (Notes 1 and 6)	108,094	111,103
Coal supply contracts	41,703	52,696
Receivable--Pittston Brink's Group/Burlington Group (Note 2)	13,630	22,071
Other assets	47,294	46,706
Total assets	$654,182	706,981
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Current maturities of long-term debt (Note 9)	$ 547	395
Accounts payable	50,585	59,103
Payable--Pittston Brink's Group/Burlington Group, net (Note 2)	3,038	10,757
Accrued liabilities:		
Taxes	16,477	17,380
Workers' compensation and other claims	13,829	14,276
Postretirement benefits other than pensions (Note 15)	19,265	17,693
Reclamation	15,588	17,205
Payroll and vacation	5,261	6,960
Miscellaneous (Note 15)	36,674	40,956
	107,094	114,470
Total current liabilities	161,264	184,725
Long-term debt, less current maturities (Note 9)	116,114	124,572
Postretirement benefits other than pensions (Note 15)	223,836	219,717
Workers' compensation and other claims	92,857	105,837
Reclamation	47,546	36,716
Other liabilities	31,137	47,074
Commitments and contingent liabilities (Notes 9, 13, 14, 15, 19 and 20)		
Shareholder's equity (Notes 3, 11 and 12)	(18,572)	(11,660)
Total liabilities and shareholder's equity	$654,182	706,981

See accompanying notes to financial statements.

Pittston Minerals Group

STATEMENT OF OPERATIONS

(In thousands, except per share amounts)	Years Ended December 31 1997	1996	1995
Net sales	$630,626	696,513	722,851
Costs and expenses:			
Cost of sales	609,025	707,497	696,295
Selling, general and administrative expenses	30,228	34,631	33,252
Restructuring and other credits, including litigation accrual (Notes 16 and 19)	(3,104)	(47,299)	
Total costs and expenses	636,149	694,829	729,547
Other operating income, net (Note 17)	9,682	13,414	22,768
Operating profit	4,159	15,098	16,072
Interest income (Note 2)	1,330	835	564
Interest expense (Note 2)	(10,946)	(10,723)	(10,534)
Other expense, net	(898)	(1,789)	(1,098)
(Loss) income before income taxes	(6,355)	3,421	5,004
Credit for income taxes (Note 8)	(10,583)	(7,237)	(9,020)
Net income	4,228	10,658	14,024
Preferred stock dividends, net (Note 12)	(3,481)	(1,675)	(2,762)
Net income attributed to common shares	$ 747	8,983	11,262
Net income per common share (Note 10):			
Basic	$ .09	1.14	1.45
Diluted	.09	1.08	1.40
Average common shares outstanding (Note 10):			
Basic	8,076	7,897	7,786
Diluted	8,102	9,884	10,001

See accompanying notes to financial statements.

Pittston Minerals Group

STATEMENTS OF CASH FLOWS

(In thousands)	1997	1996	1995
	Years Ended December 31		
Cash flows from operating activities:			
Net income	$ 4,228	10,658	14,024
Adjustments to reconcile net income to net cash provided by operating activities:			
Noncash charges and other write-offs	--	29,948	--
Depreciation, depletion and amortization	37,515	36,624	42,040
Provision for deferred income taxes	11,050	22,088	16,412
Credit for pensions, noncurrent	(2,761)	(1,676)	(3,514)
Provision for uncollectible accounts receivable	109	262	161
Equity in losses (earnings) of unconsolidated affiliates, net of dividends received	671	(302)	148
Gain on sale of property, plant and equipment	(1,789)	(1,398)	(4,994)
Other operating, net	1,823	885	984
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Decrease (increase) in accounts receivable	28,574	(4,454)	22,670
(Increase) decrease in inventories	(3,458)	10,116	(11,565)
(Increase) decrease in prepaid expenses	(1,395)	(1,818)	3,828
Decrease in accounts payable and accrued liabilities	(313)	(17,907)	(16,524)
Decrease (increase) in other assets	793	(2,893)	2,474
Decrease in workers' compensation and other claims, noncurrent	(13,574)	(8,766)	(16,575)
Decrease in other liabilities	(11,703)	(51,749)	(23,437)
Other, net	(209)	181	135
Net cash provided by operating activities	49,561	19,799	26,267
Cash flows from investing activities:			
Additions to property, plant and equipment	(26,434)	(23,575)	(22,283)
Proceeds from disposal of property, plant and equipment	2,982	4,613	18,939
Acquisitions, net of cash acquired, and related contingency payments	(1,014)	(1,134)	(1,078)
Other, net	(2,723)	(419)	(1,188)
Net cash used by investing activities	(27,189)	(20,515)	(5,610)
Cash flows from financing activities:			
Additions to debt	59,076	23,216	24
Reductions of debt	(67,825)	(1,319)	(17,164)
Payments from Brink's Group	2,977	6,082	12,240
Payments (to) from Burlington Group	(7,696)	(12,179)	878
Repurchase of stock	(617)	(7,895)	(7,173)
Proceeds from exercise of stock options and from employee stock purchase plan	22	208	1,379
Dividends paid	(8,302)	(9,009)	(9,550)
Net cash used by financing activities	(22,365)	(896)	(19,366)
Net increase (decrease) in cash and cash equivalents	7	(1,612)	1,291
Cash and cash equivalents at beginning of year	3,387	4,999	3,708
Cash and cash equivalents at end of year	$ 3,394	3,387	4,999

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
(In thousands, except per share amounts)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

As used herein, the "Company" includes The Pittston Company and its direct and indirect subsidiaries, except as otherwise indicated by the context. The Company is comprised of three separate groups - Pittston Brink's Group, Pittston Burlington Group, and Pittston Minerals Group. The financial statements of the Minerals Group include the balance sheets, the results of operations and cash flows of the Pittston Coal Company ("Coal Operations") and Pittston Mineral Ventures ("Mineral Ventures") operations of the Company, and a portion of the Company's corporate assets and liabilities and related transactions which are not 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 Pittston Minerals Group Common Stock ("Minerals Stock") separate financial statements, financial review, descriptions of business and other relevant information for the Minerals Group in addition to 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 unless control exists, in which case, consolidation occurs. All material intercompany items and transactions have been eliminated in combination. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

Cash and Cash Equivalents

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

Inventories

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

Property, Plant and Equipment

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

Mine development costs, primarily included in bituminous coal lands, are capitalized and amortized over the estimated useful life of the mine. These costs include expenses incurred for site preparation and development as well as operating deficits incurred at the mines during a development stage. A mine is considered under development until all planned production units have been placed in operation. Valuation of coal properties is based primarily on mining plans and conditions assumed at the time of the evaluation. These valuations could be impacted by actual economic conditions which differ from those assumed at the time of the evaluation.

Intangibles

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

The Minerals Group evaluates the carrying value of intangibles and the periods of amortization to determine whether events and circumstances warrant revised estimates of 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 Statement of Financial Accounting Standards ("SFAS") No. 121. If such tests indicate that an impairment exists, the carrying amount of the identified goodwill would be eliminated before making any reduction of the carrying amounts of impaired long-lived assets.

Coal Supply Contracts

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

Accounting for Stock Based Compensation

The Minerals Group has implemented the disclosure-only provisions of SFAS No. 123 "Accounting for Stock Based Compensation" (Note 11). The Minerals Group continues to measure compensation expense for its stock-based compensation plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees."

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries have been translated at 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 SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which requires employers to accrue the cost of such retirement benefits during the employees' service with the Company.

Income Taxes

Income taxes are accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes", which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which these items are expected to reverse.

See Note 2 for allocation of the Company's 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, 1997 and 1996, the actuarially determined value of estimated future black lung benefits discounted at 6% was approximately $55,000 and $57,000, respectively, and is included in workers' compensation and other claims. Based on actuarial data, the amount credited to operations was $2,451 in 1997, $2,216 in 1996, and $1,402 in 1995 . 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 $1,936 in 1997, $1,849 in 1996, and $2,569 in 1995.

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

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. The Company also utilizes other financial instruments to protect against adverse price movements in gold, which it produces, and diesel fuel which it consumes as well as interest rate changes in certain variable rate obligations.

Gains and losses on these contracts, designated as effective hedges, are deferred and recognized as part of the specific transaction hedged. Since they are accounted for as hedges, the fair value of these contracts is not recognized in the Mineral Group's Financial Statements. Gains or losses resulting from the early termination of such contracts are deferred and amortized as an adjustment to the currency transaction hedged, the realization on gold sales, the yield of variable rate obligations, or the cost of diesel fuel over the remaining period originally covered by the terminated contracts. In addition, if the underlying items being hedged were retired prior to maturity, the unamortized gain or loss resulting from the early termination of the related interest rate swap would be included in the gain or loss on the extinguishment of the obligation.

Revenue Recognition

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

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

Net Income Per Share

Basic net income per share for the Minerals Group is computed by dividing net income attributed to common shares (net income less preferred stock dividends) by the basic weighted-average common shares outstanding. Diluted net income per share for the Minerals Group is computed by dividing net income by the diluted weighted-average common shares outstanding. Diluted weighted-average common shares outstanding includes additional shares assuming the exercise of stock options and the conversion of the Company's $31.25 Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). However, when the exercise of stock options or the conversion of Convertible Preferred Stock is antidilutive, they are excluded from the calculation. The shares of Minerals Stock held in The Pittston Company Employee Benefits Trust ("the Trust" - see Note 12) are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations.

Use of Estimates

In accordance with generally accepted accounting principles, management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

Accounting Changes

In 1997, the Minerals Group implemented SFAS No. 128 "Earnings Per Share." SFAS No. 128 replaced the calculation of primary and fully diluted net income per share with basic and diluted net income per share (Note 10). Unlike primary net income per share, basic net income per share excludes any dilutive effects of options, warrants and convertible securities. Diluted net income per share is very similar to the previous fully diluted net income per share. All prior-period net income per share data has been restated to conform with the provisions of SFAS No. 128.

In 1996, the Minerals Group adopted 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.

Pending Accounting Changes

The Minerals Group will implement SFAS No. 130, "Reporting Comprehensive Income" in the first quarter of 1998. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income generally represents all changes in shareholders' equity except those resulting from investments by or distributions to shareholders. With the exception of foreign currency translation adjustments, such changes are not significant to the Minerals Group.

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", will be implemented in the financial statements for the year ended December 31, 1998. SFAS No. 131 requires publicly-held companies to report financial and descriptive information about operating segments in financial statements issued to shareholders for interim and annual periods. The SFAS also requires additional disclosures with respect to products and services, geographic areas of operation and major customers. The adoption of this SFAS is not expected to have a material impact on the financial statements of the Minerals Group.

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, 1997 and 1996, 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 1997, 1996 and 1995 was $10,193, $7,475 and $6,335, 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, 1997, the Minerals Group owed the Brink's Group and Burlington Group $27,004 and $0; respectively, and at December 31, 1996, the Minerals Group owed the Brink's Group and the Burlington Group $24,027 and $7,730; respectively, as a result of borrowings.

Income Taxes

The Minerals Group and its domestic subsidiaries are 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, 1997, the Minerals Group was owed $19,391 and $18,239 from the Brink's Group and the Burlington Group, respectively for such tax benefits, of which $391 and $13,239, respectively, were not expected to be received within one year from such dates in accordance with the policy. 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 date. The Brink's and Burlington Groups paid the Minerals Group $15,794 and $10,278, respectively in 1997 and $14,470 and $14,949, respectively, in 1996 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 $5,988, $6,555 and $7,266 in 1997, 1996 and 1995, respectively.

Pension

The Minerals Group's pension cost related to its participation in the Company's noncontributory defined benefit pension plan is actuarially determined based on its respective employees and an allocable share of the pension plan assets and calculated in accordance with SFAS No. 87, "Employers' Accounting for Pensions". Pension plan assets have been allocated to the Minerals Group based on the percentage of its projected benefit obligation to the plan's total projected benefit obligation. Management believes such method of allocation to 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 1997	1996	1995
Balance at beginning of period	$ (11,660)	(8,679)	(8,596)
Net income	4,228	10,658	14,024
Stock options exercised	22	43	1,203
Stock released from employee benefits trust to employee benefits plan	2,259	2,100	1,745
Stock repurchases	(617)	(7,897)	(7,173)
Dividends declared	(8,765)	(9,059)	(9,493)
Foreign currency translation adjustment	(4,022)	1,111	(566)
Tax benefit of options exercised	(17)	63	177
Balance at end of period	$ (18,572)	(11,660)	(8,679)

The cumulative foreign currency translation adjustment deducted from shareholder's equity is $2,851 at December 31, 1997. The cumulative foreign currency translation adjustment included in shareholder's equity is $1,171 and $60 at December 31, 1996 and 1995, respectively.

4. PROPERTY, PLANT AND EQUIPMENT

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

	As of December 31 1997	1996
Bituminous coal lands	$ 107,212	101,988
Land, other than coal lands	24,203	22,461
Buildings	8,996	8,853
Machinery and equipment	196,313	191,622
Total	$ 336,724	324,924

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 $23,180 in 1997, $22,633 in 1996 and $25,164 in 1995.

Mine development costs which were capitalized totaled $9,756 in 1997, $8,144 in 1996 and $10,118 in 1995.

5. ACCOUNTS RECEIVABLE TRADE

For each of the years in the three-year period ended December 31, 1997, 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 1997 and 1996, total coal receivables of $23,844 and $15,390, respectively, were sold under such agreements. As of December 31, 1997 and 1996, receivables sold which remained to be collected totaled $23,844 and $5,183, 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 $11,923 at December 31, 1997 and $8,914 at December 31, 1996. The estimated useful life of intangibles is generally forty years. Amortization of intangibles aggregated $3,008 in 1997, $3,128 in 1996 and $3,099 in 1995.

7. FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Minerals Group to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. The Minerals Group places its cash and cash equivalents with high credit quality financial institutions. Also, by policy, the 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

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 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 Minerals Group does not expect any losses due to such counterparty default.

Foreign currency forward contracts -- The Company, on behalf of the Minerals Group, enters into foreign currency forward contracts, from time to time, with a duration of up to two years as a hedge against liabilities denominated in the Australian dollar. These contracts minimize the Minerals Group's exposure to exchange rate movements related to cash requirements of Australian operations denominated in Australian dollars. At December 31, 1997, the notional value of foreign currency forward contracts outstanding was $19,578 and the fair value approximated notional value.

Gold contracts -- In order to protect itself against downward movements in gold prices, the Company, on behalf of the Minerals Group, hedges a portion of its share of gold sales from the Stawell gold mine primarily through forward sales contracts. At December 31, 1997, 41,500 ounces of gold, representing approximately 19% of the Mineral Group's share of Stawell's proven and probable reserves, were sold forward under forward sales contracts that mature periodically through mid-1999. Because only a portion of its future production is currently sold forward, the Company can take advantage of increases and is exposed to decreases in the spot price of gold. At December 31, 1997, the fair value of the Company's forward sales contracts was not significant.

Fuel contracts -- The Company, on behalf of the Minerals Group, has hedged a portion of its diesel fuel requirements through several commodity option transactions that are intended to protect against significant increases in diesel fuel prices. At December 31, 1997, these transactions aggregated 8.7 million gallons and mature periodically throughout 1998. 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, 1997, the fair value of these contracts was not significant.

Interest rate contracts -- As discussed further in Note 9, in 1996 and 1995, the Company entered into two variable to fixed interest rate swap agreements related to the $100,000 term loan outstanding under the Facility. The fair value of those agreements at December 31, 1997 was not significant.

8. INCOME TAXES

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

	U.S. Federal	Foreign	State	Total
1997:				
Current	$(21,633)	--	--	(21,633)
Deferred	10,719	331	--	11,050
Total ..	$(10,914)	331	--	(10,583)
1996:				
Current	$(29,325)	--	--	(29,325)
Deferred	20,893	1,195	--	22,088
Total	$ (8,432)	1,195	--	(7,237)
1995:				
Current	$(25,432)	--	--	(25,432)
Deferred	15,664	748	--	16,412
Total ..	$ (9,768)	748	--	(9,020)

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

	Years Ended December 31 1997	1996	1995
Deferred tax expense exclusive of the components listed below	$ 10,551	18,064	17,038
Net operating loss carryforwards	(558)	(327)	(631)
Alternative minimum tax credit	664	3,337	(326)
Change in the valuation allowance for deferred tax assets	393	1,014	331
Total	$ 11,050	22,088	16,412

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, 1997, and December 31, 1996, were as follows:

	1997	1996
Deferred tax assets:		
Accounts receivable	$ 816	973
Postretirement benefits other than pensions	97,691	96,951
Workers' compensation and other claims	42,256	46,791
Other liabilities and reserves	49,713	53,337
Miscellaneous	11,320	8,405
Net operating loss carryforwards	3,793	3,235
Alternative minimum tax credits	6,950	7,579
Valuation allowance	(9,853)	(9,460)
Total deferred tax assets	202,686	207,811
Deferred tax liabilities:		
Property, plant and equipment	25,299	24,486
Pension assets	34,120	33,179
Other assets	12,110	11,392
Miscellaneous	52,007	48,626
Total deferred tax liabilities	123,536	117,683
Net deferred tax asset	$ 79,150	90,128

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 1997, 1996 and 1995 to the income (loss) before income taxes.

	Years Ended December 31		
	1997	1996	1995
(Loss) income before income taxes:			
United States	$(7,273)	100	3,539
Foreign	918	3,321	1,465
Total	$(6,355)	3,421	5,004
Tax provision computed at statutory rate	$(2,224)	1,197	1,751
Increases (reductions) in taxes due to:			
Percentage depletion	(7,407)	(7,644)	(9,861)
State income taxes (net of federal tax benefit)	(393)	(1,014)	(726)
Change in the valuation allowance for deferred tax assets	393	1,014	331
Miscellaneous	(952)	(790)	(515)
Actual tax credit	$(10,583)	(7,237)	(9,020)

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, 1997 and December 31, 1996, there was no unrecognized deferred tax liability for temporary differences related to investments in foreign subsidiaries and affiliates.

The Minerals Group and its domestic subsidiaries are included in the Company's consolidated U.S. federal income tax return.

As of December 31, 1997, the Minerals Group had $6,950 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 of December 31, 1997 was $3,793 and related to various state and foreign taxing jurisdictions. The expiration periods primarily range from 5 to 15 years.

9. LONG-TERM DEBT

A portion of the outstanding debt under the Company's credit agreement has been attributed to the Minerals Group. Total long-term debt of the Minerals Group consists of the following:

	As of December 31 1997	1996
Senior obligations	$ 293	350
Obligations under capital leases (average rate 9.24% in 1997 and 7.74% in 1996)	799	1,022
	1,092	1,372
Attributed portion of Company's debt:		
U.S. dollar term loan due 2001 (1997 year end rate 6.24% and 5.97% in 1996)	100,000	100,000
Revolving credit notes due 2001 (1997 year end rate 5.92% and 7.01% in 1996)	15,022	23,200
Total long term debt, less current maturities	116,114	124,572
Current maturities of long-term debt:		
Senior obligations	57	77
Capital leases	490	318
Total current maturities of long-term debt	547	395
Total long-term debt including current maturities	$116,661	124,967

For the four years through December 31, 2002, minimum repayments of long-term debt outstanding are as follows:

1999	$ 351
2000	504
2001	115,091
2002	20

The Company has a $350,000 credit agreement with a syndicate of banks (the "Facility"). The Facility includes a $100,000 term loan and permits additional borrowings, repayments and reborrowings of up to an aggregate of $250,000. The maturity date of both the term loan and revolving credit portion of the Facility is May 2001. Interest on borrowings under the Facility is payable at rates based on prime, certificate of deposit, Eurodollar or money market rates. A term loan of $100,000 was outstanding at December 31, 1997 and 1996. Additional borrowings of $25,900 and $23,200 were outstanding at December 31, 1997 and 1996, respectively. The Company pays commitment fees (.125% per annum at December 31, 1997) on the unused portion of the Facility. At December 31, 1997 and 1996, $115,022 and $123,200, respectively, of these borrowings were attributed to the Minerals Group.

The Company has two interest rate swap agreements which effectively convert a portion of its $100,000 variable rate term loan to fixed rates. During 1995, the Company entered into an agreement, maturing in July 1998, which fixes the Company's interest rate at 5.80% on $20,000 in face amount of debt. During 1996, the Company entered into another variable to fixed interest rate swap agreement, maturing in February 1998, which fixes the Company's interest rate at 4.9% on an initial $5,000 in face amount of debt. The notional amount increased by $5,000 each quarter through the first quarter of 1997. The notional amount outstanding at December 31, 1997 was $20,000.

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 $610,000 at December 31, 1997.

At December 31, 1997, the Company's portion of outstanding unsecured letters of credit allocated to the Minerals Group was $27,204, primarily supporting its obligations under its various self-insurance programs.

10. NET INCOME PER SHARE

The following is a reconciliation between the calculation of basic and diluted net income per share:

	Years Ended December 31 1997	1996	1995
Numerator:			
Net income	$ 4,228	10,658	14,024
Convertible Preferred Stock dividends	(3,481)	(1,675)	(2,762)
Basic net income per share numerator	747	8,983	11,262
Effect of dilutive securities:			
Convertible Preferred Stock dividends	--	1,675	2,762
Diluted net income per share numerator	747	10,658	14,024
Denominator:			
Basic weighted average common shares outstanding	8,076	7,897	7,786
Effect of dilutive securities:			
Convertible Preferred Stock	--	1,945	2,186
Employee stock options	26	42	29
Diluted weighted average common shares outstanding	8,102	9,884	10,001

Options to purchase 446, 300 and 338 shares of common stock, at prices between $12.18 and $25.74, $13.43 and $25.74 and $14.01 and $25.74 per share, were outstanding in 1997, 1996 and 1995, respectively, but were not included in the computation of diluted net income per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

The conversion of preferred stock to 1,785 shares of common stock has been excluded in the computation of diluted net income per share in 1997 because the effect of the assumed conversion would be antidilutive.

11. STOCK OPTIONS

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

Stock Option Plans

The Company grants options under its 1988 Stock Option Plan (the "1988 Plan") to executives and key employees and under its Non-Employee Directors' Stock Option Plan (the "Non-Employee Plan") to outside directors, to purchase common stock at a price not less than 100% of quoted market value at the date of grant. The 1988 Plan options can be granted with a maximum term of ten years and can vest within six months from the date of grant. The majority of grants made in 1997, 1996 and 1995 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 1997, 1996 and 1995 have a maximum term of six years and vest ratably over the first three years. The total number of shares underlying options authorized for grant, but not yet granted, under the 1988 Plan is 789.

Under the Non-Employee Plan, the total number of shares underlying options authorized for grant, not yet granted, is 47.

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

As part of the Brink's Stock Proposal (described in the Company's Proxy Statement dated December 31, 1995 resulting in the modification of the capital structure of the Company to include an additional class of common stock), the 1988 and the Non-Employee Plans were amended to permit option grants to be made to optionees with respect to Brink's Stock or Burlington Stock, in addition to Minerals Stock. The approval of the Brink's Stock Proposal had no effect on options for Minerals Stock.

The table below summarizes the related plan activity.

	Shares	Aggregate Exercise Price
Outstanding at December 31, 1994	507	$ 9,571
Granted	259	2,665
Exercised	(95)	(1,203
Forfeited or expired	(73)	(1,674
Outstanding at December 31, 1995	598	9,359
Granted	4	47
Exercised	(3)	(45)
Forfeited or expired	(16)	(229)
Outstanding at December 31, 1996	583	9,132
Granted	138	1,746
Exercised	(2)	(22)
Forfeited or expired	(67)	(921)
Outstanding at December 31, 1997	652	$ 9,935

Options exercisable at the end of 1997, 1996 and 1995, respectively, for Minerals Stock were 253, 292 and 214.

The following table summarizes information about stock options outstanding as of December 31, 1997.

	Stock Option Outstanding			Stock Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 8.74 to 12.18	262	3.37	$10.41	24	$11.08
12.69 to 16.63	203	4.05	13.29	79	14.22
18.63 to 25.74	187	2.69	24.12	150	24.00
Total	652			253	

Employee Stock Purchase Plan

Under the 1994 Employee Stock Purchase Plan (the "Plan"), the Company is authorized to issue up to 250 shares of Minerals Stock, to its employees who have six months of service and who complete minimum annual work requirements. Under the terms of the Plan, employees may elect each six-month period (beginning January 1 and July 1), to have up to 10 percent of their annual earnings withheld to purchase the Company's stock. Employees may purchase shares of any or all of the three classes of Company common stocks. The purchase price of the stock is 85% of the lower of its beginning-of-the-period or end-of-the-period market price. Under the Plan, the Company sold 46, 30 and 44 shares of Minerals Stock to employees during 1997, 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:

	1997	1996	1995
Net Income attributed to common shares			
Minerals Group			
As Reported	$ 747	8,983	11,262
Pro Forma	336	8,711	10,925
Net Income per common share			
Minerals Group			
Basic, As Reported	0.09	1.14	1.45
Basic, Pro Forma	0.04	1.10	1.40
Diluted, As Reported	0.09	1.08	1.40
Diluted, Pro Forma	0.04	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:

	1997	1996	1995
Expected dividend yield	5.4%	4.8%	4.8%
Expected volatility	43%	37%	38%
Risk-free interest rate	6.2%	6.1%	5.7%
Expected term (in years)	4.2	3.7	4.2

Using these assumptions in the Black-Scholes model, the weighted-average fair value of options granted during 1997, 1996 and 1995, is $487, $10 and $687, respectively.

Under SFAS No. 123, compensation cost is also recognized for the fair value of employee stock purchase rights. Because the Company settles its employee stock purchase rights under the Plan at the end of each six-month offering period, the fair value of these purchase rights was calculated using actual market settlement data. The weighted-average fair value of the stock purchase rights granted in 1997, 1996 and 1995 was $237, $143 and $290 for the Minerals Group, respectively.

12. 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) 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 .739 and .244 votes per share, respectively, subject to adjustment on January 1, 2000, and on January 1 every two years thereafter in such a manner so that each class' share of the aggregate voting power at such time will be equal to that class' share of the

aggregate market capitalization of the Company's common stock at such time. Accordingly, on each adjustment date, each share of 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 1, 1998, 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 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding. These liquidation percentages are subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, 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).

The Company has the authority to issue up to 2,000 shares of preferred stock, par value $10 per share. In January, 1994, the Company issued $80,500 or 161 shares of Series C Cumulative Convertible Preferred Stock (the "Convertible Preferred Stock"). The proceeds of the Convertible Preferred Stock offering have been attributed to the Minerals Group. The Convertible Preferred Stock pays an annual cumulative dividend of $31.25 per share payable quarterly, in cash, in arrears, out of all funds of the Company legally available therefore; when as and if declared by the Board, and bears a liquidation preference of $500 per share, plus an amount equal to accrued and unpaid dividends thereon. Each share of the Convertible Preferred Stock is convertible at the option of the holder unless previously redeemed or, under certain circumstances, called for redemption, into shares of Minerals Stock at a conversion price of $32.175 per share of Minerals Stock, subject to adjustment in certain circumstances. The Company may, at its option, redeem the Convertible Preferred Stock, in whole or in part, for cash at a price of $518.750 per share, effective February 1, 1998, and thereafter at prices declining ratably annually on each February 1 to an amount equal to $500 per share on and after February 1, 2004, plus in each case an amount equal to accrued and unpaid dividends on the date of redemption. Except under certain circumstances or as prescribed by Virginia law, shares of the Convertible Preferred Stock are nonvoting.

In November 1995, the Company's Board of Directors (the "Board") authorized a revised share repurchase program which allows for the repurchase of up to 1,000 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.

In 1994, the Board authorized the repurchase, from time to time, of up to $15,000 of Convertible Preferred Stock. In November 1995 and February 1997, the Board authorized an increase in the remaining authority to $15,000 and in May 1997, the Board authorized an increase in the remaining repurchase authority to $25,000.

Under the share repurchase programs, the Company purchased shares in the periods presented as follows:

(In thousands)	Years Ended December 31 1997	1996
Convertible Preferred Stock:		
Shares	2	21
Cost	$ 617	7,897
Excess carrying amount (a)	$ 108	2,120

(a) The excess of the carrying amount of the Convertible Preferred Stock over the cash paid to holders for repurchases made during the years which is deducted from preferred dividends in the Company's Statement of Operations.

As of December 31, 1997 the Company had remaining authority to purchase over time 1,000 shares of Pittston Minerals Group Common Stock and an additional $24,383 of its Convertible Preferred Stock. The aggregate purchase price limitation for all common stock was $24,903 at December 31, 1997. The authority to acquire shares remains in effect in 1998.

In 1997, 1996 and 1995, dividends paid on the Convertible Preferred Stock amounted to $3,589, $3,795 and $4,341, respectively. During 1996 and 1997, the Board declared and the Company paid dividends of 65 cents on Minerals Stock.

The Company's Articles of Incorporation limits dividends on Minerals Stock to the lesser of (i) all funds of the Company legally available therefore (as prescribed by Virginia law) and (ii) the Available Minerals Dividend Amount (as defined in the Articles of Incorporation). The Available Minerals Dividend Amount may be reduced by activity that reduces shareholder's equity or the fair value of net assets of the Minerals Group. Such activity includes net losses by the Minerals Group, dividends paid on the Minerals Stock and the Convertible Preferred Stock, repurchases of Minerals Stock and the Convertible Preferred Stock, and foreign currency translation losses. At December 31, 1997, the Available Minerals Dividend Amount was at least $15,199. 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 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. At December 31, 1997, 232 shares of Minerals Stock (424 in 1996) remained in the Trust, valued at market. The value of these shares has no impact on shareholder's equity.

13. COAL JOINT VENTURE

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

Under loan agreements with the Authority, DTA is obligated to make payments sufficient to provide for the timely payment of 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 $4,691 in 1997, $5,208 in 1996 and $6,841 in 1995. 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, 1997, aggregate future minimum lease payments under noncancellable operating leases were as follows:

	Facilities	Equipment Other	Total
1998	$ 662	17,516	18,178
1999	657	10,905	11,562
2000	493	8,056	8,549
2001	428	4,761	5,189
2002	172	1,594	1,766
2003	2	--	2
2004	2	--	2
2005	2	--	2
2006	1	--	1
Later Years	3	--	3
Total	$2,422	42,832	45,254

These amounts are net of aggregate future minimum noncancellable sublease rentals of $987. Almost all of the above amounts related to equipment are guaranteed by the Company.

Net rent expense amounted to $21,912 in 1997, $24,236 in 1996 and $34,363 in 1995.

The Minerals Group incurred capital lease obligations of $624 in 1997, $1,031 in 1996, and $12 in 1995. As of December 31, 1997, 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 1997, 1996 and 1995 for the Minerals Group is as follows:

	Years Ended December 31		
	1997	1996	1995
Service cost--benefits earned during year	$ 3,626	3,561	3,306
Interest cost on projected benefit obligation	11,340	9,921	9,548
Return on assets--actual	(39,294)	(25,571)	(38,005)
Return on assets--deferred	20,857	8,641	22,199
Other amortization, net	1,334	2,323	7
Net pension credit	$ (2,137)	(1,125)	(2,945)

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

	1997	1996	1995
Interest cost on projected benefit obligation	8.0%	7.5%	8.75%
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, 1997 and 1996 are as follows:

	1997	1996
Actuarial present value of accumulated benefit obligation:		
Vested	$ 140,372	121,093
Nonvested	5,991	3,870
	146,363	124,963
Benefits attributable to projected salaries	15,287	13,063
Projected benefit obligation	161,650	138,026
Plan assets at fair value	234,616	204,577
Excess of plan assets over projected benefit obligation	72,966	66,551
Unrecognized experience loss	8,585	12,622
Unrecognized prior service cost	232	236
Net pension assets	81,783	79,409
Current pension liabilities	2,042	1,658
Deferred pension assets per balance sheet	$ 83,825	81,067

For the valuation of the Company's primary pension obligations and the calculation of the funded status, the discount rate was 7.5% in 1997 and 8% in 1996. 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 1997 and 1996.

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, 1997, approximately 72% of plan assets were invested in equity securities and 28% 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, the 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 1997, 1996 and 1995, the components of periodic expense for these postretirement benefits were as follows:

	Years Ended December 31 1997	1996	1995
Service cost benefits earned during year	$ 1,349	1,810	1,523
Interest cost on accumulated post-retirement benefit obligation	21,648	19,752	19,510
Amortization of losses	1,393	1,128	--
Total expense	$ 24,390	22,690	21,033

At December 31, 1997 and 1996, the actuarially determined and recorded liabilities for these postretirement benefits, none of which have been funded, were as follows:

	Years Ended December 31 1997	1996
Accumulated postretirement benefit obligation:		
Retirees	$ 253,434	235,565
Fully eligible active plan participants	35,789	23,959
Other active plan participants	17,904	21,416
	307,127	280,940
Unrecognized experience loss	(64,378)	(43,530)
Liability included on the balance sheet	242,749	237,410
Less current portion	18,913	17,693
Noncurrent liability for postretirement health care and life insurance benefits	$ 223,836	219,717

The accumulated postretirement benefit obligation was determined using the unit credit method and an assumed discount rate of 7.5% in 1997 and 8% in 1996. The assumed health care cost trend rate used in 1997 was 7.43% for pre-65 retirees, grading down to 5% in the year 2001. For post-65 retirees, the assumed trend rate in 1997 was 6.43%, grading down to 5% in the year 2001. The assumed medicare cost trend rate used in 1997 was 6.10%, 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 $3,100 in the aggregate service and interest components of expense for the year 1997, and an increase of approximately $41,300 in the accumulated postretirement benefit obligation at December 31, 1997.

The Minerals Group also participates in the Company's Savings-Investment Plan to assist eligible employees in providing for retirement or other future financial needs. Employee contributions are matched at rates of 50% to 100% up to 5% of compensation (subject to certain limitations imposed by the Internal Revenue Code of 1986, as amended). Contribution expense under the plan aggregated $993 in 1997, $1,004 in 1996 and $1,204 in 1995.

The Minerals Group sponsors other defined contribution plans and contributions under these plans aggregated $368 in 1995. There was no expense during 1996 and 1997 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 1997, 1996 and 1995, these amounts, on a pretax basis, were approximately $9,300, $10,400 and $10,800 , respectively. The Company believes that the annual liability under the Health Benefit Act for the Pittston Companies' assigned beneficiaries will continue at approximately $9,000 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 $200,000, which when discounted at 7.5% 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.

At December 31, 1997, Coal Operations had a liability of $30,846 for various restructuring costs which was recorded as restructuring and other charges in the Statement of Operations in years prior to 1995. Although coal production has ceased at the mines remaining in the accrual, Coal Operations will incur reclamation and environmental costs for several years to bring these properties into compliance with federal and state environmental laws. However, management believes that the reserve, as adjusted, at December 31, 1997, should be sufficient to provide for these future costs. Management does not anticipate material additional future charges to operating earnings for these facilities, although continual cash funding will be required over the next several years.

The initiation, in 1996, of a state tax credit for coal produced in Virginia, along with favorable labor negotiations and improved metallurgical market conditions for medium volatile coal, led management to continue operating an underground mine and a related coal preparation and loading facility previously included in the restructuring reserve. As a result of these decisions and favorable workers' compensation claim developments, Coal Operations reversed $3,104 and $11,649 of this reserve in 1997 and 1996, respectively. The 1996 reversal included $4,778 related to estimated mine and plant closures, primarily reclamation, and $6,871 in employee severance and other benefit costs. The entire 1997 reversal related to workers' compensation claim reserves.

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

(In thousands)	Leased Machinery and Equipment	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance December 31, 1994	$ 3,787	38,256	43,372	85,415
Payments (a)	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 (b)	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
Reversals	--	--	3,104	3,104
Payments (d)	376	1,764	2,010	4,150
Other	--	468	(468)	--
Balance December 31, 1997	$ --	11,143	19,703	30,846

(a) 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.

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

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

(d) Of the total payments made in 1997, $3,053 was for liabilities recorded in years prior to 1993, $125 was for liabilities recorded in 1993 and $972 was for liabilities recorded in 1994.

During the next twelve months, expected cash funding of these charges will be approximately $4,000 to $6,000. The liability for mine and plant closure costs is expected to be satisfied over the next nine years, of which approximately 40% is expected to be paid over the next two years. The liability for workers' compensation is estimated to be 42% settled over the next four years with the balance paid during the following five to nine 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		
	1997	1996	1995
United States:			
Domestic customers	$ 398,509	421,645	467,479
Export customers in Europe	110,368	112,738	108,111
Other export customers	104,030	143,010	130,661
	612,907	677,393	706,251
Australia	17,719	19,120	16,600
Total net sales	$ 630,626	696,513	722,851

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		
	1997	1996	1995
United States (a)	$ 9,129	18,206	21,752
Australia	1,018	3,447	1,586
Minerals Group's portion of the Company's segment operating profit	10,147	21,653	23,338
Corporate expenses allocated to the Minerals Group	(5,988)	(6,555)	(7,266)
Total operating profit	$ 4,159	15,098	16,072

(a) Operating profit includes a benefit from restructuring and other credits, including litigation accrual aggregating $3,104 and $47,299 in 1997 and 1996, 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		
	1997	1996	1995
United States	$ 550,450	596,358	702,132
Australia	19,558	21,240	18,999
Minerals Group's portion of the Company's assets	570,008	617,598	721,131
Minerals Group's portion of corporate assets	84,174	89,383	77,478
Total assets	$ 654,182	706,981	798,609

Industry segment information is as follows:

	Years Ended December 31		
	1997	1996	1995

Net Sales:			
Coal Operations	$ 612,907	677,393	706,251
Mineral Ventures	17,719	19,120	16,600
Total revenues	$ 630,626	696,513	722,851
Operating Profit (Loss):			
Coal Operations (a)	$ 12,217	20,034	23,131
Mineral Ventures	(2,070)	1,619	207
Segment operating profit	10,147	21,653	23,338
Allocated general corporate expense	(5,988)	(6,555)	(7,266)
Total operating profit	$ 4,159	15,098	16,072

(a) Operating profit of the Coal Operations segment included a benefit from restructuring and other charges, including litigation accrual of $3,104 in 1997 and $47,299 in 1996 (Note 16).

		Years Ended December 31		
		1997	1996	1995
Capital Expenditures:				
Coal Operations	$	22,285	18,881	17,811
Mineral Ventures		4,544	3,714	2,332
Allocated general corporate		184	1,785	168
Total capital expenditures	$	27,013	24,380	20,311
Depreciation, Depletion and Amortization:				
Coal Operations	$	35,351	34,632	40,285
Mineral Ventures		1,968	1,856	1,597
Allocated general corporate		196	136	158
Total depreciation, depletion and amortization	$	37,515	36,624	42,040
Assets at December 31:				
Coal Operations	$	549,576	594,772	699,049
Mineral Ventures		20,432	22,826	22,082
Identifiable assets		570,008	617,598	721,131
Allocated portion of the Company's corporate assets		84,174	89,383	77,478
Total assets	$	654,182	706,981	798,609

In 1997, 1996 and 1995, net sales to one customer of the Coal segment amounted to approximately $178,000, $150,000, and $126,000, 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 $6,600 and $11,900 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 and certain assumptions the Company is making with respect to the end use of the property. The estimate of costs and the timing of payments could change as a result of changes to the remediation plan required, changes in the technology available to treat the site, 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. On appeal, the Third Circuit reversed the District Court and held that the insurers could not deny coverage for the reasons stated by the District Court, and the case was remanded to the District Court for trial. In the event the parties are unable to settle the dispute, the case is scheduled to be tried beginning September, 1998. Management and its outside legal counsel continue to believe that recovery of a substantial portion of the cleanup costs will ultimately be probable of realization. Accordingly, based on estimates of potential liability, probable realization of insurance recoveries, related developments of New Jersey law and the Third Circuit's decision, it is the Company's belief that the ultimate amount that it would be liable for is immaterial.

In 1988, the trustees of the 1950 Benefit Trust Fund and the 1974 Pension Benefit Trust Funds (the "Trust Funds") established under collective bargaining agreements with the UMWA brought an action (the "Evergreen Case") against the Company and a number of its coal subsidiaries in the United States District Court for the District of Columbia, claiming that the defendants are obligated to contribute to such Trust Funds in accordance with the provisions of the 1988 and subsequent National Bituminous Coal Wage Agreements, to which neither the Company nor any of its subsidiaries is a signatory. 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 and third payments of $7,000 and $8,500 were paid according to schedule and were 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, 1997, the Minerals Group had contractual commitments for third parties to contract mine or provide coal to the Minerals Group. Based on the contract provisions these commitments are currently estimated to aggregate approximately $195,740 and expire from 1998 through 2005 as follows:

1998	$ 53,889
1999	40,546
2000	40,546
2001	29,109
2002	10,596
2003	7,656
2004	7,656
2005	5,742

Spending under the contracts was $70,691 in 1997, $99,161 in 1996 and $83,532 in 1995.

21. SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31, 1997, 1996 and1995, there were net cash tax refunds of $25,891, $29,324 and $20,731, respectively.

For the years ended December 31, 1997, 1996 and 1995, cash payments for interest were $10,575, $10,746 and $10,296, respectively.

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 1997 and 1996. The 1996 and the first three quarters of 1997 net income per share amounts have been restated to comply with SFAS No. 128, "Earnings Per Share" (Note 1).

	1st	2nd	3rd	4th
1997 Quarters:				
Net sales	$ 158,883	157,812	150,998	162,933
Gross profit	5,471	3,976	6,660	5,494
Net income (loss) (a)	$ 947	(1,163)	972	3,472
Net income (loss) per Pittston Minerals Group common share:				
Basic (a)	$ .01	(.26)	.02	.32
Diluted	.01	(.26)	.02	.32
1996 Quarters:				
Net sales	$ 170,252	175,268	177,195	173,798
Gross (loss) profit	(25,633)	5,824	9,288	(463)
Net income (a)	$ 3,020	2,644	2,498	2,496
Net income per Pittston Minerals Group common share:				
Basic (a)	$ .25	.35	.33	.20
Diluted	.25	.27	.25	.20

(a) The fourth quarters of 1997 and 1996 include the reversal of excess restructuring liabilities of $3,104 ($2,018 after-tax; $0.25 per basic share) and $9,541 ($6,202 after-tax; $0.78 per basic share), respectively.

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, 1997. 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, 1997.

PART IV

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

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

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

3. Exhibits--see exhibit index.

(b) A report on Form 8-K was filed on October 23, 1997, with respect to third quarter 1997 earnings for each of Pittston Brink's Group Common Stock, Pittston Burlington Group Common Stock and Pittston Minerals Group Common Stock and a report on Form 8-K was filed on December 19, 1997, with respect to BAX Global Inc.'s announcement that it had signed an agreement to acquire, subject to certain conditions and termination rights, Distribution Services Limited and an affiliated company.

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, 1998.

The Pittston Company
(Registrant)

By M.T. Dan
(M.T. Dan,
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, 1998.

Signatures	Title
R. G. Ackerman*	Director
J. R. Barker*	Director and Chairman of the Board
J. L. Broadhead*	Director
W. F. Craig*	Director
M.T. Dan (M.T. Dan)	Director, President and Chief Executive Officer (principal executive officer)
R. M. Gross*	Director
C. F. Haywood*	Director
D. L. Marshall*	Director
G.R. Rogliano (G. R. Rogliano)	Senior Vice President and Chief Financial Officer (principal accounting officer)
R. H. Spilman*	Director
A. H. Zimmerman*	Director

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

The Pittston Company and Subsidiaries
Index to Financial Statements and Schedules

Financial Statements:

THE PITTSTON COMPANY AND SUBSIDIARIES

PITTSTON BRINK'S GROUP

PITTSTON BURLINGTON GROUP

PITTSTON MINERALS GROUP

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 through February 6, 1998.
4(a)	(i)	Amendment dated as of July 1, 1997, to the Rights Agreement between Registrant and BankBoston, N.A., as successor Rights Agent. Exhibit 4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997 (the "Second Quarter 1997 Form 10-Q").
4(a)	(ii)	Amended and Restated Rights Agreement dated as of January 19, 1996 (the "Rights Agreement"), between the Registrant and Chemical Mellon Shareholder Services, L.L.C., as Rights Agent. Exhibit 2 to the Registrant's Registration Statement on Form 8-A dated February 26, 1996 (the "Form 8-A").
	(iii)	Form of Right Certificate for Brink's Rights. Exhibit B-1 to Exhibit 2 to the Form 8-A.
	(iv)	Form of Right Certificate for Minerals Rights. Exhibit B-2 to Exhibit 2 to the Form 8-A.
	(v)	Form of Right Certificate for 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 Registrant's Annual Report on Form 10-K for the year ended December 31, 1995 (the "1995 Form 10-K").
10(e)*	(i)	The Registrant's Pension Equalization Plan, as amended.
	(ii)	Amended and Restated Trust Agreement, dated December 1, 1997, between Registrant and Chase Manhattan Bank, as Trustee.
	(iii)	Trust Agreement under the Pension Equalization Plan, Retirement Plan for Non-Employee Directors and Certain Contractual Arrangements of The Pittston Company made as of September 16, 1994, by and between the Registrant and Chase Manhattan Bank (National Association), as Trustee. Exhibit 10(i) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994 (the "Third Quarter 1994 Form 10-Q").
	(iv)	Form of letter agreement dated as of September 16, 1994, between the Registrant and one of its officers. Exhibit 10(e) to the Third Quarter 1994 Form 10-Q.
	(v)	Form of letter agreement dated as of September 16, 1994, between the Registrant and Participants pursuant to the Pension Equalization Plan. Exhibit 10(f) to the Third Quarter 1994 Form 10-Q.
10(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, as amended.
10(h)*		The Registrant's 1988 Stock Option Plan, as amended.
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.

(v) Amendment No. 4 to Employment Agreement, dated as of April 23, 1997, between the Registrant and J.C. Farrell.

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. Exhibit 10(j)(v) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996 (the 1996 Form 10-K").

(vi) Form of Letter Agreement dated as of October 1, 1997, replacing all prior Employment Agreements and amendments or modifications thereto, between the Registrant and D.L. Marshall. Exhibit 10(b) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 (the "Third Quarter 1997 Form 10-Q").

10(k)* The Company's 1994 Employee Stock Purchase Plan, as amended.

10(l)* (i) Form of change in control agreement replacing all prior change in control agreements and amendments and modifications thereto, between the Registrant and Joseph C. Farrell.

(ii) Form of change in control agreement replacing all prior change in control agreements and amendments and modifications thereto, between the Registrant (or a subsidiary) and ten of the Registrant's officers.

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) (i) Form of severance agreement between the Registrant and Joseph C. Farrell.

(ii) Form of severance agreement between the Registrant (or a subsidiary) and six of the Registrant's officers.

10(p)* Registrant's Directors' Stock Accumulation Plan. Exhibit A to the Registrant's Proxy Statement filed March 29, 1996.

10(q)* Registrant's Amended and Restated Plan for Deferral of Directors' Fees. Exhibit 10(o) to the 1989 Form 10-K.

10(r) (i) Participation Agreement (the "Participation Agreement") dated as of December 19, 1985, among Burlington Air Express Inc. (formerly, Burlington Global 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(s) (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. Exhibit 10(r)(xiii) to the 1996 Form 10-K.

10(t) 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(u) (i) Credit Agreement dated as of March 4, 1994, among The Pittston Company, as Borrower, Lenders Parties Thereto, Chemical Bank, Credit Suisse and Morgan Guaranty Trust Company of New York, as Co-agents, and Credit Suisse, as Administrative Agent (the "Credit Agreement"). Exhibit 10.4 to the First Quarter 1994 Form 10-Q.

(ii) Amendment to the Credit Agreement dated as of May 1, 1995. Exhibit 10(s)(ii) to the 1995 Form 10-K.

(iii) Amendment to Credit Agreement dated as of May 15, 1996. Exhibit 10(t)(iii) to the 1996 Form 10-K.

10(v)* Retirement agreement dated March 11, 1998 between the Registrant and Joseph C. Farrell.

21 Subsidiaries of the Registrant.

23 Consent of independent auditors.

24 Powers of attorney.

27 Financial Data Schedules.

99* (a) 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.

99* (b) 1994 Employee Stock Purchase Plan of the Pittston Company's Annual Report on Form 11-K for the year ended December 31, 1997.

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*Management contract or compensatory plan or arrangement.

Exhibit 3(ii)

THE PITTSTON COMPANY
BYLAWS

(As amended through February 6, 1998)

ARTICLE I

NAME

The name of the corporation is The Pittston Company.

ARTICLE II

OFFICES

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

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

ARTICLE III

CORPORATE SEAL

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

ARTICLE IV

MEETINGS OF SHAREHOLDERS

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

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

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

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

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

within the voting group favoring the action exceed the votes cast opposing the action.

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

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

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

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

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

be required to be included in a proxy statement filed pur suant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors, and shall include a consent signed by each such nominee to serve as a director of the corporation if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

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

ARTICLE V

DIRECTORS

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

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

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

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

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

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

7. Any director may resign at any time by delivering written notice of his resignation to the Board of Directors or the Chairman of the Board. Any such resignation shall take effect upon such delivery or at such later date as may be specified therein. Any such notice to the Board may be addressed to it in care of the Secretary.

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

9. In case of the absence of the Chairman of the Board, the Chief Executive Officer shall preside at meetings of the shareholders and of the Board of Directors. He shall have such other powers and duties as may be delegated to him by the Chairman of the Board.

ARTICLE VI

COMMITTEES OF DIRECTORS

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

ARTICLE VII

COMPENSATION OF DIRECTORS

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

corporation in any other capacity and receiving compensation therefor.

ARTICLE VIII

MEETINGS OF DIRECTORS; ACTION WITHOUT A MEETING

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

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

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

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

5. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if one or more written consents stating the action taken, signed by each director either before or after the action is taken, are included in the minutes or filed with the corporate records. Any or all directors may participate in any regular or special meeting of the Board, or conduct such meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other, and a director participating in a meeting by this means shall be deemed to be present in person at such meeting.

ARTICLE IX

OFFICERS

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

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

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

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

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

ARTICLE X

CHIEF EXECUTIVE OFFICER

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

ARTICLE XI

PRESIDENT

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

ARTICLE XII

EXECUTIVE VICE PRESIDENTS,
SENIOR VICE PRESIDENTS
AND VICE PRESIDENTS

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

ARTICLE XIII

GENERAL COUNSEL

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

ARTICLE XIV

TREASURER

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

ARTICLE XV

CONTROLLER

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

ARTICLE XVI

SECRETARY

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

ARTICLE XVII

TRANSFER AGENTS AND REGISTRARS;
CERTIFICATES OF STOCK

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

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

2. The certificates for shares of the corporation shall be numbered and shall be entered on the books of the corporation as they are issued. Each share certificate shall state on its face the name of the corporation and the fact that it is organized under the laws of the Commonwealth of Virginia, the name of the person to whom such certificate is issued and the number and class of shares and the designation of the series, if any, represented by such certificate and shall be signed by the Chief Executive Officer, the President, an Executive or Senior Vice Presi dent or a Vice President and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary. Any and all signatures on such certificates, including signatures of officers, transfer agents and registrars may be facsimile. In case any officer who has signed or whose facsimile signa ture has been placed on any such certificate shall have ceased to be such officer before such certificate is issued, then, unless the Board of Directors shall otherwise deter mine and cause notification thereof to be given to such transfer agent and registrar, such certificate shall never theless be valid and may be issued by the corporation (and by its transfer agent) and registered by its registrar with the same effect as if he were such officer at the date of issue.

ARTICLE XVIII

TRANSFERS OF STOCK

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

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

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

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

ARTICLE XIX

FIXING RECORD DATE

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

ARTICLE XX

REGISTERED SHAREHOLDERS

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

ARTICLE XXI

CHECKS

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

ARTICLE XXII

FISCAL YEAR

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

ARTICLE XXIII

NOTICES AND WAIVER

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

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

ARTICLE XXIV

BYLAWS

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

Exhibit 10(e)(i)

THE PITTSTON COMPANY
PENSION EQUALIZATION PLAN
AS AMENDED AND RESTATED

EFFECTIVE AS OF DECEMBER 1, 1997

Introduction

In August 1985 the Board of Directors of The Pittston Company (the "Company") adopted a Pension Equalization Plan (the "Equalization Plan") to assure that the aggregate pension benefits provided to employees covered by the Pension-Retirement Plan of The Pittston Company and Its Subsidiaries (which Plan, as now in effect and as hereafter amended, is hereinafter referred to as the "Pension Plan") would not be reduced as a result of limitations imposed under Section 415 of the Internal Revenue Code of 1986, as amended (the "Code"). At its meeting in July 1989, the Board determined that the Equalization Plan should be amended so as to provide, among other things, for the payment thereunder of additional amounts equal to the benefits that would have been payable under the Pension Plan in the absence of the then applicable annual limit on compensation under Section 401(a)(17) of the Code. Pursuant to the authority under the Equalization Plan, on July 7, 1994, the Pension Committee further amended

the Equalization Plan (i) to reflect the lower annual limit imposed by the 1993 amendment of such Section 401(a)(17), and (ii) to assure that such aggregate pension benefits will not be adversely affected by deferrals made pursuant to the Key Employees' Deferred Compensation Program of The Pittston Company as originally approved by the shareholders of the Company on May 1, 1992, or as subsequently amended (the "Deferral Program"). On September 16, 1994, the Equalization Plan was further amended so as to provide additional assurance to Participants and their beneficiaries that benefits under the Equalization Plan will be paid to them in the event of a Change in Control (as defined in the trust agreement dated as of December 1, 1997 between the Company and The Chase Manhattan Bank (National Association) as trustee (the "Trust Agreement")). On December 1, 1997, the Pension Committee further amended the Equalization Plan to add a lump-sum benefit payment option and to reflect the fact that benefits under such plan will be paid from the trust established and made irrevocable pursuant to the Trust Agreement. As a result of such amendment, the Equalization Plan will read in its entirety as follows:

1. Definitions. As used herein:

"Benefit Limitations" means the limitations, if any, on benefits payable to or in respect of an

employee under the Pension Plan (i) pursuant to Section 415 or Section 401(a)(17) of the Code and any regulations promulgated with respect thereto or (ii) resulting from any exclusion from Basic Earnings (as defined in the Pension Plan) attributable to the deferral, pursuant to the Deferral Program, by such employee of Cash Incentive Payments, Salary or Compensation (as each such term is defined in the Deferral Program) otherwise payable currently.

"Participant" means any employee referred to in Section 2 hereof.

"Participating Company" means the Company and any subsidiary of the Company which is a "participating company" under the Pension Plan, unless the Board shall determine that such subsidiary shall not be a Participating Company hereunder.

Except as herein otherwise provided, terms defined in the Pension Plan are used herein with the meanings ascribed to them in said Plan.

2. Coverage. The Equalization Plan shall apply to or in respect of each employee of any Participating Company whose benefits under the Pension Plan are limited BY the Benefit Limitations.

3. Benefits. Supplementing the benefits provided by the Pension Plan and subject to all terms and conditions thereof not inconsistent herewith, each Participant and his beneficiary or beneficiaries shall be paid under the Equalization Plan such additional amounts as are equal to the benefits that would have been payable under the Pension Plan in the absence of the Benefit Limitations applicable to such Participant.

Benefits payable to any person under this Section 3 shall be payable at the same time and in the same manner as the benefits payable to such person under the Pension Plan; provided, however that, in accordance with the following sentence, any Participant (employed by the Company on either a full-time or part-time basis as of December 1, 1997) or, in the event of the Participant's death, his or her beneficiary, entitled to benefits hereunder may elect to receive the Actuarial Equivalent of the benefits due under this Equalization Plan in a lump sum. In order to be effective, such election must be filed with the Administrative Committee at least one year prior to the later of (i) the effective date of retirement under the Pension Plan or (ii) September 1, 1999. In determining the amount of the lump-sum benefit to be paid, Actuarial Equivalent shall have the same meaning as under the Pension

Plan; provided, however, the interest rate used shall be the annual rate on 30-year Treasury Securities as published by the Commissioner of the Treasury for the month prior to the month in which the distribution is made and the mortality table shall be the 1983 Group Annuity Mortality Table with a 50% blending of male and female rates.

Unless the Administrative Committee otherwise determines upon request of a Participant, the beneficiary or beneficiaries of such Participant under the Pension Plan shall also be his beneficiary or beneficiaries under the Equalization Plan.

4. Administration. The Equalization Plan shall be administered by the Administrative Committee (subject to such directions as the Pension Committee may determine to be appropriate) substantially in accordance with the comparable procedures and rules applicable to the Administrative Committee which administers the Pension Plan, including establishing and maintaining a claims procedure (similar to the claims procedure under the Pension Plan) pursuant to which any Participant or beneficiary under the Equalization Plan whose claim for benefits under the Equalization Plan has been denied shall be given (i) notice in writing of such denial, including the reasons therefor, and (ii) a reasonable opportunity to have a full review of such denial.

Notwithstanding any other provision of the Equalization Plan the Administrative Committee shall have full authority (i) in its sole discretion to determine the amounts payable under the Equalization Plan and the time of any such payments so as to conform with the intent as well as the terms of the Equalization Plan, (ii) to construe any of the provisions of the Equalization Plan and (iii) to adopt rules and regulations for the implementation of such provisions.

5. Amendment and Termination. The Equalization Plan may at any time be amended or terminated by the Board or the Pension Committee, provided that no such amendment or termination of the Equalization Plan shall adversely affect the benefits accrued or payable hereunder or under the Trust Agreement on account of any Participant (or any beneficiary) in respect of service rendered prior to such amendment or termination.

6. Assignability. No right to payment or any other interest under the Equalization Plan shall be assignable or subject to attachment, execution or levy of any kind.

7. No Employment Rights. Nothing in the Equalization Plan shall be construed as giving any Participant the right to be retained in-the service of any Participating Company or as interfering with the right of

any such Company to discharge any Participant at any time without regard to the effect which such discharge shall have upon his rights or potential rights, if any, under the Equalization Plan.

8. Funding. The obligations of any Participating Company under the Equalization Plan shall not be funded in any manner for purposes of the Code or ERISA. However, it is intended that benefits will be paid from the trust established pursuant to the Trust Agreement. The establishment and funding of the trust established under the Trust Agreement shall not be deemed to relieve the Company of its obligations under the Equalization Plan to Participants and beneficiaries except pro tanto to the extent that amounts in respect thereof are paid under such Trust Agreement to such Participants and beneficiaries. The establishment and funding of such trust shall not of itself be deemed to increase the amount of benefits to which any Participant or beneficiary shall have become entitled under the Equalization Plan.

9. Enforceability. In addition to all other rights under applicable law, any individual who shall be a Participant or beneficiary or the trustee under the Trust Agreement shall have the right to bring an action, either individually or on behalf of all Participants and

beneficiaries, to enforce the provisions of this Equalization Plan and/or the Trust Agreement (including, but not limited to, enforcement of the funding required under the Trust Agreement) by seeking injunctive relief and/or damages, and the Company shall be obligated to pay or reimburse each such Participant or beneficiary who shall prevail, or the Trustee under the Trust Agreement, whether or not it prevails, in whole or in substantial part, for all reasonable expenses, including attorney's fees, in connection with such action.

10. Agreements with Participants. The Company shall enter into an agreement with each Participant incorporating the provisions of the Equalization Plan and containing such other provisions, consistent with the Equalization Plan, as may be mutually acceptable.

11. Successors. The Equalization Plan shall inure to the benefit of and be binding upon the Company and its successors (including, without limitation, each person or group referred to in the definition of Change in Control (in the Trust Agreement) and each affiliate of such person or group). Each such successor shall be obligated to enter into an agreement with each Participant, in form and substance satisfactory to such Participant, by which such successor shall expressly assume and agree to perform its

obligations under the Equalization Plan in the same manner and to the same extent as the Company would be required to perform if no succession had taken place. The Company shall cause each such successor to comply with its obligations to enter into such agreement.

12. Governing Law. This Equalization Plan and all actions taken hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

As amended December 1, 1997
Effective as of May 1, 1992

Exhibit 10(e)(ii)

Amended and Restated Trust under the Pension Equalization Plan and Certain Contractual Arrangements of The Pittston Company

AMENDED AND RESTATED TRUST AGREEMENT ("Trust Agreement") made as of this 1st day of December, 1997, by and between THE PITTSTON COMPANY (the "Company") and THE CHASE MANHATTAN BANK, as Trustee (the "Trustee").

WHEREAS, the Company (i) has entered into, and from time to time may enter into, contractual arrangements with certain individuals that have been designated by the Company to receive supplemental pension payments funded through the trust established pursuant to this Trust Agreement (collectively, the "Contracts") and (ii) adopted The Pittston Company Pension Equalization Plan (the "Plan"); and

WHEREAS, the Company has incurred or expects to incur liability under the terms of the Plan and the Contracts with respect to the individuals participating in the Plan or covered by the Contracts; and

WHEREAS, the Company has previously entered into a Trust Agreement dated September 16, 1994, with the Trustee for the purpose of establishing a trust (the "Trust") and

contributing to the Trust assets that shall be held therein, subject to the claims of the Company's creditors in the event of the Company's Insolvency (as hereinafter defined) until paid to Participants and their Beneficiaries (as hereinafter defined) in such manner and at such times as specified in the Plan and/or Contracts; and

WHEREAS, the Company and the Trustee wish to amend and restate said Trust Agreement to accelerate the level of contributions thereto and to make certain other changes therein; and

WHEREAS, it is the intention of the parties that the Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974; and

WHEREAS, it is the intention of the Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Contracts and/or the Plan.

NOW, THEREFORE, the parties do hereby agree that the Trust shall be comprised, held and disposed of as follows:

Section 1. Definitions. As used in this Trust Agreement, the following words and terms shall have the meanings specified below:

"Beneficiary" means the beneficiary or beneficiaries last designated by the Participant in writing under the Plan or Contracts. In the absence of an effective designation or if the final surviving designated beneficiary has predeceased the Participant, the Beneficiary shall be the Participant's estate. In the event the Participant is survived by a Beneficiary who dies after payments to the Beneficiary have commenced but before receiving all amounts due him or her under the Plan or Contract, any remaining amounts shall be paid to an alternate beneficiary designated by the Participant or, in the absence of an alternative surviving Beneficiary, to the estate of the last surviving Beneficiary.

"Change in Control" shall be deemed to occur (a) upon the approval of the shareholders of the Company (or if such approval is not required, the approval of the board of directors of the Company (the "Board") of (i) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which the shares

of all classes of the Company's common stock ("Common Stock") would be converted into cash, securities or other property other than a consolidation or merger in which holders of the total voting power in the election of directors of the Company of all classes of Common Stock outstanding (exclusive of shares held by the Company's affiliates) (the "Total Voting Power") immediately prior to the consolidation or merger will have the same proportionate ownership of the total voting power in the election of directors of the surviving corporation immediately after the consolidation or merger, or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all the assets of the Company, (b) when any "person" (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Act")) other than the Company, its affiliates or an employee benefit plan or trust maintained by the Company or its affiliates, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of more than 20% of the Total Voting Power, or (c) if at any time during a period of two consecutive years, individuals who at the beginning of such period

constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election by the Company's shareholders of each new director during such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period. A Change in Control shall be deemed to take place upon the first to occur of the events specified in the foregoing clauses (a), (b) and (c) but in no event shall the occurrence of any Change in Control effect the responsibilities of the Trustee under this Agreement until personnel of the Trustee with responsibility for the administration of the Trust have actual knowledge of a current report or statement to the effect that a Change in Control has occurred.

"Insolvent" means (a) the inability of the Company to pay its debts as they become due or (b) the Company being subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

"Participant" means an individual who is entitled to a benefit under the Plan or who is a party to one of the Contracts.

Section 2. Establishment Of Trust.

(a) The Company has deposited with the Trustee in trust the sum of $1,000.00 which became the principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement, as amended and restated.

(b) The Trust hereby established shall be irrevocable on and after December 1, 1997.

(c) The Trust is intended to be a grantor trust, of which the Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The principal of the Trust and any earnings thereon shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Participants and general creditors as herein set forth. Participants and their Beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan, Contracts and this Trust Agreement shall be unsecured contractual rights of Participants and their Beneficiaries against the Company. Any assets held by the Trust will be subject to the claims of the Company's general creditors

under federal and state law in the event the Company becomes Insolvent.

(e) The Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property, which property shall be acceptable to the Trustee, in trust with the Trustee to augment the principal to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. Except as provided in paragraph (f) below, neither the Trustee nor any Participant or Beneficiary under the Plan or Contracts shall have any right hereunder to compel such additional deposits.

(f) Anything in this Agreement notwithstanding, by September 1, 1999, or if earlier, upon a Change in Control, the Company shall make irrevocable contributions to the Trust in amounts so that the Trust will have sufficient assets to pay each Participant or Beneficiary the benefits to which they would be entitled pursuant to the terms of the Contracts and Plan as in effect on December 31, 1998, or the date on which the Change in Control occurred, as applicable. The amount of any such contributions shall be determined by William M. Mercer, Incorporated (or another nationally recognized firm of actuaries selected by the Company) as the amount needed to provide all "Projected Benefit Obligations" (as defined herein) under the Plan and Contracts. Projected

Benefit Obligations shall be the actuarial present value as of a specified date of all benefits under the Plan and Contracts based on (a) service to the date of determination, (b) estimated future compensation levels and (c) the actuarial assumptions used under the Pension-Retirement Plan of The Pittston Company and Its Subsidiaries for funding purposes (including the interest rate, mortality table and projected salary increases used therein). Projected Benefit Obligation shall reflect the lump-sum benefit option available under the Plan. Thereafter, within 180 days after the end of each Plan Year or within 90 days following a Change in Control, whichever occurs first, the Company shall make an irrevocable contribution to the Trust in an amount so that the Trust will have sufficient assets to provide all Projected Benefit Obligations determined as in effect at the end of such Plan Year or on the date the Change in Control occurred, as applicable; provided, however, that in the absence of a Change in Control, no such contributions shall be made without the prior approval of the Company's Pension Committee.

Section 3. Payments to Participants and Their Beneficiaries.

(a) The Company shall deliver periodically to the Trustee a schedule (the "Payment Schedule") that indicates the amounts payable in respect of each Participant (and his or her Beneficiaries) and provides a formula or other instructions acceptable to the Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Contracts or Plan) and the time of commencement of payment of such amounts. In the event the Company fails to provide a Payment Schedule to the Trustee, the Trustee may demand such Payment Schedule and the Company shall promptly provide such Payment Schedule to the Trustee. Except as otherwise provided herein, the Trustee shall make payments to the Participants and their Beneficiaries in accordance with such Payment Schedule. The Payment Schedule may periodically be amended by the Company to reflect additional retirements of Participants, changes in their marital status, terminations as a result of disability and such other matters as may result in a change in the form or amount of benefits payable to Participants. The Trustee shall make provision for reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to

the payment of benefits pursuant to the terms of the Plan and/or Contracts and shall pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by the Company.

(b) The entitlement of a Participant or Beneficiary to benefits under the Plan or Contracts shall be determined by the Company or such party as it shall designate under the Plan or Contracts, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan or Contracts.

(c) The Company may make payment of benefits directly to Participants or their Beneficiaries under the Plan or Contracts as they become due under the terms of the Plan or Contracts. The Company shall notify the Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to Participants or their Beneficiaries, and a revised Payment Schedule reflecting such direct payments shall promptly be delivered by the Company to the Trustee. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plan and Contracts, the Company shall make the balance of each such payment as it falls due. The Trustee shall

notify the Company when principal and earnings are not sufficient. The establishment and funding of the Trust shall not relieve the Company from its obligations to provide the benefits under the Plan or the Contracts except pro tanto to the extent that amounts are paid to Participants and Beneficiaries from the Trust.

Section 4. Trustee Responsibility Regarding Payments to Trust Beneficiary When Company Is Insolvent.

(a) The Trustee shall cease payment of benefits to Participants and their Beneficiaries if the Company is Insolvent.

(b) At all times during the continuance of the Trust, the principal and income of the Trust shall be subject to claims of general creditors of the Company under federal and state law as set forth below:

(1) The Board of Directors and the Chief Executive Officer of the Company shall have the duty to inform the Trustee in writing of the Company's Insolvency. If a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall determine whether the Company is Insolvent and, pending such determination, the Trustee shall discontinue payment of benefits to Participants or their Beneficiaries.

(2) Unless the Trustee has actual knowledge of the Company's Insolvency, or has received notice from the Company or a person claiming to be a creditor alleging that the Company is Insolvent, the Trustee shall have no duty to inquire whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning the Company's solvency as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination concerning the Company's solvency.

(3) If at any time the Trustee has determined that the Company is Insolvent, the Trustee shall discontinue payments to Participants or their Beneficiaries and shall hold the assets of the Trust for the benefit of the Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Participants or their Beneficiaries to pursue their rights as general creditors of the Company with respect to benefits due under the Plan, Contracts or otherwise.

(4) The Trustee shall resume the payment of benefits to Participants or their Beneficiaries in accordance with Section 3 of this Trust Agreement only after the Trustee has determined that the Company is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if the Trustee discontinues the payment of benefits from the Trust pursuant to paragraph (b) of Section 4 hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Participants or their Beneficiaries under the terms of the Plan and Contracts for the period of such discontinuance, less the aggregate amount of any payments made to such Participants or their Beneficiaries by the Company in lieu of the payments provided for hereunder during any such period of discontinuance, plus interest at the rate provided by the Trustee to its most favored customers.

Section 5. Payments to Company.

The Company shall have no right or power to direct the Trustee to return to the Company or to divert to others any of the Trust assets before all payment of benefits have been made to Participants and their Beneficiaries pursuant to the terms of the Plan and Contracts. Upon termination of the Trust in accordance with Section 13, all assets remaining in the Trust shall be returned to the Company.

Section 6. Investment Authority.

(a) The Trustee shall invest the assets of the Trust in the manner directed by the Company which directions

shall be in strict conformity with the standards set forth in paragraph (a) of Section 9. The Company agrees to indemnify the Trustee for, and to hold it harmless against, any and all liabilities, losses, costs or expenses (including reasonable legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against the Trustee at any time by reason of actions taken in accordance with such directions by the Company or omitted because no such directions are given, including, without limitation, any acquisition, retention or disposition of any stock or other securities of the Company.

(b) To the extent directed by the Company, the Trustee shall have the following investment powers:

(i) To purchase or subscribe for any property whatsoever (including stock or rights to acquire stock) and to retain in trust such securities or other property. The Trustee may not invest in securities (including stock or rights to acquire stock) or obligations issued by the Company.

(ii) To sell for cash or on credit, to grant options, convert, redeem, exchange for other securities or other property, or otherwise to dispose of any securities or other property at any time held.

(iii) To exercise any conversion privilege and/or subscription right available in connection with any securities or other property at any time held; to oppose or to consent to the reorganization, consolidation, merger or readjustment of the finances of any corporation, company or association or to the sale, mortgage, pledge or lease of the property of any corporation, company or association any of the securities of which may at any time be held and to do any act with reference thereto, including the exercise of options, the making of agreements or subscriptions, which may be deemed necessary or advisable in connection therewith; and to hold and retain any securities or other property so acquired.

(iv) To exercise, personally or by general or by limited power of attorney, any right, including the right to vote, appurtenant to any securities or other property held at any time.

(v) To hold part or all of the Trust uninvested.

(vi) To register any securities held hereunder in the name of the Trustee or in the name of a nominee with or without the addition of words indicating that such securities are held in a fiduciary capacity, and to hold any securities in bearer form.

All rights associated with assets of the Trust shall be exercised by the Trustee or the person designated by the Trustee. The Company shall have the right in its sole discretion at any time, and from time to time, to substitute assets of equal fair market value for any asset held by the Trust. This right is exercisable by the Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

Section 7. Disposition of Income.

During the term of the Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

Section 8. Accounting by Trustee.

The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements and other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Within 90 days following the close of each calendar year and within 90 days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all

investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be. Unless protested by written notice to the Trustee within 120 days of receipt thereof by the Company, any such written account shall be deemed accepted and approved by the Company, and the Trustee shall be relieved and discharged, as if such account had been settled and allowed by a judgment or decree of a court of competent jurisdiction, in an action or proceeding in which the Company and all persons having a beneficial interest in the Trust were parties.

Nothing contained in this Agreement shall deprive the Trustee or the Company of the right to have a judicial settlement of its accounts. In any proceeding for a judicial settlement of the Trustee's accounts, or for instructions in connection with the Trust, the only necessary party thereto in addition to the Trustee shall be the Company. If the Trustee or the Company so elects, it

may bring in as a defendant party or parties any other person or persons.

Section 9. Responsibility of Trustee.

(a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. In the event of a dispute between the Company and a party (including a participant or beneficiary under the Plan or the Trustee), the Trustee may apply to a court of competent jurisdiction to resolve the dispute. The Trustee (or a Participant or beneficiary) may also apply to a court of competent jurisdiction to enforce any provision of this Trust Agreement, provided that notice is provided to the Trustee in the case of an action brought by a Participant or beneficiary. Under no circumstances shall the Trustee incur liability to any person for any indirect, consequential or special damages (including, without limitation, lost profits) of any form, whether or not foreseeable and regardless of the form of the action in which such claim may be brought, with respect to the Trust or its role as Trustee.

(b) Whenever in the administration of the Trust a certification is required to be given to the Trustee, or the Trustee shall deem it necessary that a matter be proved prior to taking, suffering or omitting any action hereunder, such certification shall be duly made and said matter may be deemed to be conclusively proved by an instrument, signed in the name of the Company, by its President, a Vice President or by any other person specified in writing by the Company. The Company shall file with the Trustee a certified list of the names and specimen signatures of the persons authorized to act for the Company. The Trustee may rely on any such certification purporting to have been signed by or on behalf of such person or persons that the Trustee believes in good faith to have been signed thereby. The Trustee shall have no responsibility for reasonably relying upon any certification believed by the Trustee in good faith to have been so signed by a duly authorized officer or agent of the Company.

(c) The Trustee may make any payment required to be made by it hereunder by mailing its check in the amount hereof by first class mail in a sealed envelope addressed to the person to whom such payment is to be made. The Trustee shall not be required to make any investigation to determine the identity or mailing address of any person entitled to

benefits under this Agreement and shall be entitled to withhold making payments until the identity and mailing addresses of persons entitled to benefits are certified to it. In the event that any dispute shall arise as to the identity or rights of persons entitled to benefits hereunder, the Trustee may withhold payment of benefits until such dispute shall have been determined by arbitration or by a court of competent jurisdiction or shall have been settled by written stipulation of the parties concerned.

(d) If the Trustee undertakes or defends any litigation arising in connection with the Trust, the Company agrees to indemnify the Trustee against the Trustee's costs, expenses and liabilities (including, without limitation, reasonable attorneys' fees and expenses) relating thereto and to be primarily liable for such payments. If the Company does not pay such costs, expenses and liabilities in a reasonably timely manner, the Trustee may obtain payment from the Trust.

(e) The Trustee may consult with legal counsel (who may also be counsel for the Company generally) with respect to any of its duties or obligations hereunder.

(f) The Trustee may hire agents, accountants, actuaries, legal counsel, investment advisors, financial consultants or other professionals to assist it in

performing any of its duties or obligations hereunder. To the extent such expenses arise in the context of a dispute between the Company and the Trustee concerning the funding of the Trust, the enforcement of any provision of this Trust Agreement or the providing of the Payment Schedule described in Section 3, the Company shall be responsible for payment of these expenses.

(g) The Trustee shall have, without exclusion, all powers conferred on trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a Beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee or to loan to any person the proceeds of any borrowing against such policy.

(h) A third party dealing with the Trustee shall not be required to make any inquiry whether the Company or a Participant has instructed the Trustee, or the Trustee is otherwise authorized to take or omit any action; or to follow the application by the Trustee of any money or property which may be paid or delivered to the Trustee.

(i) The liability of the Trustee to make the payments specified by the Plan shall be limited to the funds

which have come into its hands as Trustee hereunder, including all income therefrom and increment thereof.

(j) The Company shall indemnify and hold harmless the Trustee for any liability or expenses, including without limitation, reasonable attorneys' fees reasonably incurred by the Trustee with respect to any action undertaken with the consent of the Company in good faith hereunder or pursuant to the Plan other than on account of the Trustee's negligence or willful misconduct.

(k) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or applicable law, the Trustee shall not have any power that could give the Trust the objective of carrying on a business and deriving the gains therefrom, within the meaning of section 301.7701- 2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

Section 10. Compensation and Expenses of Trustees.

The Trustee shall receive for its services compensation in accordance with Schedule A, which can be amended upon the agreement of the Company and Trustee. After a Change in Control of the Company, the Trustee may increase its rate of compensation as reasonably necessary.

The Company shall pay all administrative and Trustee's fees and expenses. If not so paid, the fees and expenses shall be paid from the Trust.

Section 11. Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by written notice to the Company, which shall be effective 90 days after receipt of such notice unless the Company and the Trustee agree otherwise.

(b) Except as provided in paragraph (c) of this Section 11, the Trustee may be removed by the Company on 90 days' notice or upon shorter notice accepted by the Trustee.

(c) Upon a Change in Control, the Trustee may not be removed by the Company for five years except with the consent of at least 75% of the individuals participating in the Plan or covered by the Contracts.

(d) If the Trustee resigns or is removed within ten years of a Change in Control, the Trustee shall select a successor Trustee in accordance with the provisions of paragraph (b) of Section 12 hereof whose appointment shall be effective at the effective time of the Trustee's resignation or removal. The Trustee shall be compensated for the reasonable costs of selecting a successor as provided in Sections 10 and 12.

(e) Upon resignation or removal of the Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within 90 days after receipt of notice of resignation, removal or transfer, unless the Company extends the time limit.

(f) If the Trustee resigns or is removed, a successor shall be appointed, in accordance with Section 12 hereof, by the effective date of resignation or removal under paragraph (a) or (b) of this Section 11. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

Section 12. Appointment of Successor. (a) Subject to the provisions of paragraph (b) of this Section 12, if the Trustee resigns or is removed in accordance with paragraph (a) or (b) of Section 11 hereof, the Company shall appoint any third party, such as a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace the trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the Company or the successor trustee to evidence the transfer.

(b) If the Trustee resigns or is removed pursuant to the provisions of paragraph (d) of Section 11 hereof, the Trustee shall appoint a bank trust department or other party that may be granted corporate trustee powers under state law, as successor trustee. The new trustee shall have all the rights and powers of the former Trustee, including ownership rights in Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the successor trustee to evidence the transfer.

(c) The successor trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 8 and 9 hereof. The successor trustee shall not be responsible for and the Company shall indemnify and defend the successor trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes trustee.

Section 13. Amendment or Termination.

(a) This Trust Agreement may be amended by a written instrument executed by the Trustee and the Company. Notwithstanding the foregoing, no such amendment shall conflict or be inconsistent with the terms of the Plan or Contracts or shall make the Trust revocable.

(b) The Trust shall not terminate until the date on which Participants and their Beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan and Contracts. Upon termination of the Trust, any assets remaining in the Trust shall be returned to the Company.

(c) Upon written approval of Participants or Beneficiaries entitled to payment of benefits pursuant to the terms of the Plan and Contracts, the Company may terminate the Trust prior to the time all benefit payments

under the Plan and Contracts have been made. All assets in the Trust at termination shall be returned to the Company.

(d) Paragraph (f) of Section 2, Section 3, paragraph (c) or (d) of Section 11 and paragraph (b) of Section 12 of this Trust Agreement may not be amended by Company for ten years following a Change in Control.

Section 14. Miscellaneous.

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to Participants and their Beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflicts law principles. The United States District Court for the Southern District of New York shall have the sole and exclusive jurisdiction over any lawsuit or other judicial proceeding relating to or arising from this Agreement. If that court lacks federal

subject matter jurisdiction, the Supreme Court of the State of New York, New York County shall have sole and exclusive jurisdiction. Either of these courts shall have proper venue for any such lawsuit or judicial proceeding, and the parties waive any objection to venue or their convenience as a forum. The parties agree to submit to the jurisdiction of any of the courts specified and to accept service of process to vest personal jurisdiction over them in any of these courts. The parties further hereby knowingly, voluntarily and intentionally waive, to the fullest extent permitted by law, any right to a trial by jury with respect to any such lawsuit or judicial proceeding arising or relating to this Agreement or the transactions contemplated hereby.

Section 15. Effective Date.

The effective date of this Trust Agreement shall be the 1st day of December, 1997.

THE PITTSTON COMPANY,

by

/s/Frank T. Lennon

____

Frank T. Lennon
Vice President

THE CHASE MANHATTAN BANK,
Trustee

by

/s/ Jay H. Berkowitz

____

Name: Jay Berkowitz

Title: Vice President

Exhibit 10(g)

THE PITTSTON COMPANY

NON-EMPLOYEE DIRECTORS' STOCK OPTION PLAN

(AMENDED AS OF MAY 2, 1997)

ARTICLE I

PURPOSE OF THE PLAN

The purpose of this Non-Employee Directors' Stock Option Plan (this "Plan") is to attract and retain the services of experienced independent directors for The Pittston Company (the "Company") by encouraging them to acquire a proprietary interest in the Company in the form of shares of all three classes of the Company's Common Stock (the "Common Stock"), viz., Pittston Brink's Group Common Stock, Pittston Burlington Group Common Stock and Pittston Minerals Group Common Stock. Unless otherwise indicated, references in this Plan to Common Stock shall be construed to refer to the class of Common Stock covered by the particular option. The Company intends this Plan to provide those directors with additional incentive to further the best interests of the Company and its shareholders.

ARTICLE II

ADMINISTRATION OF THE PLAN

This Plan shall be administered by the Board of Directors of the Company (the "Board"). The Board is authorized to interpret this Plan and may from time to time adopt such rules and regulations for carrying out this Plan as it deems best. All determinations by the Board pursuant to the provisions of this Plan shall be made in accordance with and subject to applicable provisions of the Company's bylaws, and all such determinations and related orders or resolutions of the Board shall be final, conclusive and binding on all persons. All authority of the Board provided for in or pursuant to this Plan, including, without limitation, the authority set forth in Articles III and IX may also be exercised by the Compensation and Benefits Committee of the Board or by such other committee of the Board as the Board may designate for the purpose.

ARTICLE III

ELIGIBILITY; NUMBER AND PRICE OF OPTION SHARES

Section 1. Options shall be granted only to directors ("Non-Employee Directors") who are not also employees of the Company or any of its Subsidiaries.

Section 2. Subject to the provisions of Section 4 of this Article III, the maximum number of shares of Common Stock which may be issued pursuant to options granted under this Plan shall be (a) in the case of Pittston Brink's Group Common Stock, 100,000 shares, (b) in the case of Pittston Burlington Group Common Stock, 50,000 shares, and (c) in the case of Pittston Minerals Group Common Stock, 20,000 shares, plus in each case the number of shares of each class of Common Stock issuable pursuant to options outstanding under this Plan on March 17, 1997.

Section 3. The purchase price per share of Common Stock under each option shall be 100% of the Fair Market Value of a share of Common Stock covered by such option at the time such option is granted.

Section 4. In the event of any dividend payable in any class of Common Stock or any split or combination of any class of Common Stock, (a) the number of shares of such class which may be issued under this Plan shall be proportionately increased or decreased, as the case may be, (b) the number of shares of such class (including shares subject to options not then exercisable) deliverable pursuant to grants theretofore made shall be proportionately increased or decreased, as the case may be, and (c) the aggregate purchase price of shares subject to any such grant shall not be changed. Any option subsequently granted pursuant to Sections 2 and 3 of Article IV shall be for a number of shares reflecting such increase or decrease. In the event of any other recapitalization, reorganization, extraordinary dividend or distribution or restructuring transaction (including any distribution of shares of stock of any Subsidiary or other property to holders of shares of any class of Common Stock) affecting any class of Common Stock, the number of shares of such class issuable pursuant to any option theretofore granted (whether or not then exercisable), and/or the option price per share of such option, shall be subject to appropriate adjustment; provided, however, that such option shall be subject to only such adjustment as shall be necessary to maintain the proportionate interest of the optionee and preserve, without exceeding, the value of such option. In the event of a merger or share exchange in which the Company will not survive as an independent, publicly owned corporation, or in the event of a consolidation or of a sale of all or substantially all of the Company's assets, provision shall be made for the protection and continuation of any outstanding options by the substitution, on an equitable basis, of such shares of stock, other securities, cash, or any combination thereof, as shall be appropriate; provided, however, that such options shall be subject to only such adjustment as shall be necessary to maintain the proportionate interest of the optionee and preserve, without exceeding, the value of such options.

ARTICLE IV

GRANT OF OPTIONS

Section 1. Grants under this Plan shall relate to all three classes of the Company's Common Stock. Each option shall constitute a nonqualified stock option not intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

Section 2. Each Non-Employee Director elected as a member of the Board shall automatically be granted (a) an option for 10,000 shares of Pittston Brink's Group Common Stock, (b) an option for 5,000 shares of Pittston Burlington Group Common Stock and (c) an option for 2,000 shares of Pittston Minerals Group Common Stock (or, in case of an adjustment pursuant to Section 4 of Article III, the number of shares of each respective class of Common Stock determined as provided in said Section 4) on the first business day after the meeting of shareholders or of the Board, as the case may be, at which such Director shall have first been elected. Each such option shall be exercisable immediately as to one-third of the shares covered thereby, as to an additional one-third on and after the first anniversary of the date of grant and as to the remaining shares on and after the second anniversary of such date.

Section 3. On August 1, 1993, and on July 1 of each subsequent year, each Non-Employee Director who is a member of the Board as of each such date shall automatically be granted an option to purchase 1,000 shares of Pittston Brink's Group Common Stock, an option to purchase 500 shares of Pittston Burlington Group Common Stock and an option to purchase

200 shares of Pittston Minerals Group Common Stock (or, in the case of an adjustment pursuant to Section 4 of Article III, the number of shares of each respective class of Common Stock determined as provided in said Section 4). Each such option shall become exercisable in full six months after the date of grant.

Section 4. All instruments evidencing options granted under this Plan shall be in such form, consistent with this Plan, as the Board shall determine.

ARTICLE V

NON-TRANSFERABILITY OF OPTIONS

No option granted under this Plan shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution, and any such option shall be exercised during the lifetime of the optionee only by the optionee or the optionee's duly appointed legal representative; provided, however, that, in the sole discretion of the Board, an option may be transferable to immediate family members (or to trusts therefor) of an optionee granted such option on such terms and conditions as the Board shall determine. For the purposes of this provision, an optionee's "immediate family" shall mean the optionee's spouse, children and grandchildren (including stepchildren).

ARTICLE VI

EXERCISE OF OPTIONS

Section 1. Each option granted under this Plan shall terminate on the tenth anniversary of the date of grant, unless sooner terminated as provided in this Plan. Except in cases provided for in Article VII, each option may be exercised only while the optionee is a Non-Employee Director.

Section 2. A person electing to exercise an option shall give written notice to the Company of such election and of the number of shares of Common Stock such person has elected to purchase, and shall tender the full purchase price of such shares, which tender shall be made in cash or cash equivalent (which may be such person's personal check) at the time of purchase or in shares of the same class of Common Stock already owned by such person (which shares shall be valued for such purpose on the basis of their Fair Market Value on the date of exercise), or in any combination thereof. The Company shall have no obligation to deliver shares of Common Stock pursuant to the exercise of any option, in whole or in part, until the Company receives payment in full of the purchase price thereof. No optionee or legal representative, legatee or distributee of such optionee shall be or be deemed to be a holder of any shares of Common Stock subject to such option or entitled to any rights as a shareholder of the Company in respect of any shares of Common Stock covered by such option until such shares have been paid for in full and issued by the Company.

ARTICLE VII

TERMINATION OF OPTIONS

Section 1. In the case of a Non-Employee Director who ceases to serve as such for any reason other than voluntary resignation (excluding retirement) or failure to stand for reelection notwithstanding an invitation to continue to serve as a Non-Employee Director and is entitled to receive a distribution from The Pittston Company Directors' Stock Accumulation Plan, (a) any option to the extent exercisable at the date of ceasing so to serve may be exercised, and (b) any option that is not yet exercisable at the date of such cessation may be exercised on or after the date on which it would become exercisable had the optionee continued to serve as a Non-Employee Director until such date; provided, however, that no option may be exercised after the earlier of (i) three years after the optionee's cessation of service as a Non-Employee Director or (ii) the termination date of the option.

Section 2. In the case of a Non-Employee Director who dies while serving as such or within six months of his or her cessation of service as a Non-Employee Director (under the circumstances described in Section 1 of this Article VII), all the Non-Employee Director's outstanding options shall be fully vested and may be exercised within one year after the date of such death, but not later than the termination date of the option, by the person designated in the optionee's last will and testament or, if none, by the legal representative of the optionee's estate.

Section 3. In the case of a Non-Employee Director (other than one to whom Section 2 of this Article VII applies) who dies after ceasing to serve as such, all the Non-Employee Director's options shall be terminated except that any option to the extent exercisable by the Non-Employee Director at the date of ceasing so to serve may be exercised within one year after the date of death, but not later than the termination date of the option, by the Non-Employee Director's estate or by the person designated in the Non-Employee Director's estate or by the person designated in the Non-Employee Director's last will and testament.

Section 4. In the case of a Non-Employee Director (other than one to whom Section 1, 2 or 3 of this Article VII is applicable) who ceases to serve as such for any reason, all the Non-Employee Director's options shall be terminated except that any option to the extent exercisable at the date of ceasing so to serve may be exercised within one year after such date, but not later than the termination date of the option.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 1. Each option shall be subject to the requirement that, if at any time the Board shall determine that the listing, registration or qualification of the shares of Common Stock subject to such option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such option or the issue of Common Stock pursuant thereto, no option may be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not reasonably acceptable to the Board.

Section 2. The Company may establish appropriate procedures to ensure payment or withholding of such income or other taxes, if any, as may be provided by law to be paid or withheld in connection with the issue of shares of Common Stock under this Plan.

Section 3. Nothing in this Plan shall be construed either to give any Non-Employee Director any right to be retained in the service of the Company or to limit the power of the Board to adopt additional compensation arrangements (either generally or in specific instances) for directors of the Company or to change such arrangements as in effect at any time.

ARTICLE IX

PLAN TERMINATION AND AMENDMENTS

Section 1. The Board may terminate this plan at any time, but this Plan shall in any event terminate on May 11, 2008, and no options may thereafter be granted, unless the shareholders shall have approved its extension. Options granted in accordance with this Plan prior to the date of its termination may extend beyond that date.

Section 2. The Board may from time to time amend, modify or suspend this Plan, but no such amendment or modification without the approval of the shareholders shall

(a) increase the maximum number (determined as provided in this Plan) of shares of any class of Common Stock which may be issued (i) to any one Non-Employee Director or (ii) pursuant to all options granted under this Plan;

(b) permit the grant of any option at a purchase price less than 100% of the Fair Market Value of the Common Stock covered by such option at the time such option is granted;

(c) permit the exercise of an option unless arrangements are made to ensure that the full purchase price of the shares as to which the option is exercised is paid at the time of exercise; or

(d) extend beyond May 11, 2008, the period during which options may be granted.

ARTICLE X

DEFINITIONS

Wherever used in this Plan, the following terms shall have the meanings indicated:

Fair Market Value: With respect to shares of any class of Common Stock, the average of the high and low quoted sale prices of a share of such Stock on the date in question (or, if there is no reported sale on such date, on the last preceding date on which any reported sale occurred) on the New York Stock Exchange Composite Transactions Tape.

Subsidiary: Any corporation of which stock representing at least 50% of the ordinary voting power is owned, directly or indirectly, by the Company.

Exhibit 10(h)

THE PITTSTON COMPANY

1988 STOCK OPTION PLAN
(AMENDED AS OF MAY 2, 1997)

ARTICLE I

PURPOSE OF THE PLAN

This 1988 Stock Option Plan (this "Plan") contains provisions designed to enable key employees of The Pittston Company (the "Company") and its Subsidiaries to acquire a proprietary interest in the Company in the form of shares of any of the classes of its Common Stock, viz., Pittston Brink's Group Common Stock, Pittston Burlington Group Common Stock and Pittston Minerals Group Common Stock. The Company intends this Plan to encourage those individuals who are expected to contribute significantly to the Company's success to accept employment or continue in the employ of the Company and its Subsidiaries, to enhance their incentive to perform at the highest level, and, in general, to further the best interests of the Company and its shareholders.

ARTICLE II

ADMINISTRATION OF THE PLAN

Section 1. Subject to the authority as described herein of the Board of Directors of the Company (the "Board"), this Plan shall be administered by a committee (the "Committee") designated by the Board, which shall be composed of at least three members of the Board, all of whom are non-employee directors within the meaning of Rule 16b-3(b)(3) issued under the Securities Exchange Act of 1934, as amended (the "Act") and satisfy the requirements for an outside director pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and any regulations issued thereunder. Until otherwise determined by the Board, the Compensation and Benefits Committee designated by the Board shall be the Committee under this Plan. The Committee is authorized to interpret this Plan as it deems best. All determinations by the Committee shall be made by the affirmative vote of a majority of its members, but any determination reduced to writing and signed by a majority of its members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held. Subject to any applicable provisions of the Company's bylaws or of this Plan, all determinations by the Committee or by the Board pursuant to the provisions of this Plan, and all related orders or resolutions of the Committee or the Board, shall be final, conclusive and binding on all persons, including the Company and its shareholders and those receiving options under this Plan.

Section 2. All authority of the Committee provided for in or pursuant to this Plan, including that referred to in Section 1 of this Article II, may also be exercised by the Board. In the event of any conflict or inconsistency between determinations, orders, resolutions or other actions of the Committee and the Board taken in connection with this Plan, the actions of the Board shall control.

ARTICLE III

ELIGIBILITY

Only persons who are Employees, including individuals who have agreed to become Employees as provided in Article XII, shall be eligible to receive option grants under this Plan. Neither the members of the Committee nor any member of the Board who is not an Employee shall be eligible to receive any such grant.

ARTICLE IV

STOCK SUBJECT TO GRANTS UNDER THIS PLAN

Section 1. Grants under this Plan shall relate to any of the classes of Common Stock ("Common Stock") of the Company and may be made in the form of incentive stock options or nonqualified stock options. Unless otherwise indicated, references in this Plan to Common Stock shall be construed to refer to the class of Common Stock covered by the particular option.

Section 2. Subject to Section 3 of this Article IV, the maximum number of shares of Common Stock which may be issued pursuant to options exercised under this Plan shall be (a) in the case of Pittston Brink's Group Common Stock, 1,000,000 shares, (b) in the case of Pittston Burlington Group Common Stock, 1,000,000 shares, and (c) in the case of Pittston Minerals Group Common Stock, 250,000 shares, plus in each case the number of shares of each class of Common Stock issuable pursuant to options outstanding under this Plan on March 17, 1997. Such number of shares of Common Stock referred to in clause (a), (b) or (c) shall be reduced by the aggregate number of shares of such Common Stock covered by options purchased pursuant to Section 3 or Section 4 of Article VI. Notwithstanding the foregoing, in no event will any Employee be granted options to purchase more than 167,000 shares of Pittston Brink's Group Common Stock, 83,000 shares of Pittston Burlington Group Common Stock or 200,000 shares of Pittston Minerals Group Common Stock in any calendar year.

Section 3. In the event of any dividend payable in any class of Common Stock or any split or combination of any class of Common Stock, (a) the number of shares of such class which may be issued under this Plan shall be proportions ately increased or decreased, as the case may be, (b) the number of shares of such class (including shares subject to options not then exercisable) deliverable pursuant to grants theretofore made shall be proportionately increased or decreased, as the case may be, and (c) the aggregate purchase price of shares of such class subject to any such grant shall not be changed. In the event of any other recapitalization, reorganization, extraordinary dividend or distribution or restructuring transaction (including any distribution of shares of stock of any Subsidiary or other property to holders of shares of any class of Common Stock) affecting any class of Common Stock, the number of shares of such class issuable under this Plan shall be subject to such adjustment as the Committee or the Board may deem appropriate, and the number of shares of such class issuable pursuant to any option theretofore granted (whether or not then exercisable) and/or the option price per share of such option, shall be subject to such adjustment as the Committee or the Board may deem appropriate with a view toward preserving the value of such option. In the event of a merger or share exchange in which the Company will not survive as an independent, publicly owned corporation, or in the event of a consolidation or of a sale of all or substantially all of the Company's assets, provision shall be made for the protection and continuation of any outstanding options by the substitution, on an equitable basis, of such shares of stock, other securities, cash, or any combination thereof, as shall be appropriate.

ARTICLE V

PURCHASE PRICE OF OPTIONED SHARES

Unless the Committee shall fix a greater purchase price, the purchase price per share of Common Stock under any option shall be 100% of the Fair Market Value of a share of Common Stock covered by such option at the time such option is granted.

ARTICLE VI

GRANT OF OPTIONS

Section 1. Each option granted under this Plan shall constitute either an incentive stock option, intended to qualify under Section 422 of the Code, or a nonqualified stock option, not intended to qualify under said Section 422, as determined in each case by the Committee.

Section 2. The Committee shall from time to time determine the Employees to be granted options, it being understood that options may be granted at different times to the same Employees. In addition, the Committee shall determine (a) the number and class of shares of Common Stock subject to each option, (b) the time or times when the options will be granted, (c) the purchase price of the shares subject to each option, which price shall be not less than that specified in Article V, and (d) the time or times when each option may be exercised within the limits stated in this Plan, which except as provided in the following sentence shall in no event be less than six months after the date of grant. All options granted under this Plan shall become exercisable in their entirety at the time of any Change in Control of the Company.

Section 3. In connection with any option granted under this Plan the Committee in its discretion may grant a stock appreciation right (a "Stock Appreciation Right"), providing that at the election of the holder of a Stock Appreciation Right (which election shall, unless the Committee otherwise consents, be made only during an Election Period), the Company shall purchase all or any part of the related option to the extent that such option is exercisable at the date of such election for an amount (payable in the form of cash, shares of Common Stock or any combination thereof, all as the Committee shall in its discretion determine) equal to the excess of the Fair Market Value of the shares of Common Stock covered by such option or part thereof so purchased on the date such election shall be made over the purchase price of such shares so covered. A Stock Appreciation Right may also provide that the Committee or the Board reserves the right to determine, in its discretion, the date (which shall be subsequent to six months after the date of grant of such option) on which such Right shall first become exercisable in whole or in part.

Section 4. In connection with any option granted under this Plan the Committee in its discretion may grant a limited right (a "Limited Right") providing that the Company shall, at the election of the holder of a Limited Right (which election may be made only during the period beginning on the first day following the date of expiration of any Offer and ending on the forty-fifth day following such date), purchase all or any part of such option, for an amount (payable entirely in cash) equal to the excess of the Offer Price of the shares of Common Stock covered by such purchase on the date such election shall be made over the purchase price of such shares so purchased. Notwithstanding any other provision of this Plan, no Limited Right may be exercised within six months of the date of its grant.

Section 5. The authority with respect to the grant of options and the determination of their provisions contained in Sections 1 through 4 of this Article VI may be delegated by the Board to one or more officers of the Company, on such conditions and limitations as the Board shall approve; provided, however, that no such authority shall be delegated with respect to the grant of options to any officer or director of the Company or with respect to the determination of any of the provisions of any of such options.

ARTICLE VII

NON-TRANSFERABILITY OF OPTIONS

No option or Stock Appreciation Right (including any Limited Rights) granted under this Plan shall be transferable by the optionee otherwise than by

will or by the laws of descent and distribution, and any such option or Stock Appreciation Right (including any Limited Rights) shall be exercised during the lifetime of the optionee only by the optionee or the optionee's duly appointed legal representative.

ARTICLE VIII

EXERCISE OF OPTIONS

Section 1. Each incentive stock option granted under this Plan shall terminate not later than ten years from the date of grant. Each nonqualified stock option granted under this Plan shall terminate not later than ten years and two days from the date of grant.

Section 2. Except in cases provided for in Article IX, each option granted under this Plan may be exercised only while the optionee is an Employee. An Employee's right to exercise any incentive stock option shall be subject to the provisions of Section 422 of the Code restricting the exercisability of such option during any calendar year.

Section 3. A person electing to exercise an option shall give written notice to the Company of such election and of the number and class of shares of Common Stock such person has elected to purchase, and shall tender the full purchase price of such shares, which tender shall be made in cash or cash equivalent (which may be such person's personal check) at the time of purchase or in accordance with cash payment arrangements acceptable to the Company for payment prior to delivery of such shares or, if the Committee so determines either generally or with respect to a specified option or group of options, in shares of Common Stock already owned by such person (which shares shall be valued for such purpose on the basis of their Fair Market Value on the date of exercise), or in any combination thereof. The Company shall have no obligation to deliver shares of Common Stock pursuant to the exercise of any option, in whole or in part, until the Company receives payment in full of the purchase price thereof. No optionee or legal representative, legatee or distributee of such optionee shall be or be deemed to be a holder of any shares of Common Stock subject to such option or entitled to any rights as a shareholder of the Company in respect of any shares of Common Stock covered by such option until such shares have been paid for in full and issued by the Company. A person electing to exercise a Stock Appreciation Right or Limited Right then exercisable shall give written notice to the Company of such election and of the option or part thereof which is to be purchased by the Company.

ARTICLE IX

TERMINATION OF OPTIONS

Section 1. If an optionee shall cease to be an Employee for any reason other than death or retirement under the Company's Pension-Retirement Plan or any other pension plan sponsored by the Company or a Subsidiary, all of the optionee's options shall be terminated except that any option, Stock Appreciation Right or Limited Right to the extent then exercisable may be exercised within three months after cessation of employment, but not later than the termination date of the option or in the case of a Limited Right not later than the expiration date of such Right.

Section 2. If and when an optionee shall cease to be an Employee by reason of the optionee's early, normal or late retirement under the Company's Pension-Retirement Plan or any pension plan sponsored by the Company or a Subsidiary, all of the optionee's options shall be terminated except that (a) any Stock Appreciation Right or Limited Right to the extent then exercisable may be exercised within three months after such retirement, but not later than the termination date of the option or in the case of a Limited Right not later than

the expiration date of such Right, (b) any option to the extent then exercisable may, unless it otherwise provides, be exercised within three years after such retirement, but not later than the termination date of the option, unless within 45 days after such retirement the Committee determines, in its discretion, that such option may be exercised only within a period of shorter duration (not less than three months following notice of such determination to the optionee) to be specified by the Committee and (c) any unvested installment of any such option which is scheduled to become exercisable within three years of the retiree's date of retirement (unless within 45 days after such retirement the Committee determines, in its discretion, that such period shall be of shorter duration (not less than three months following notice of such determination to the optionee) to be specified by the Committee), may be exercised after the date on which such installment would become exercisable if the retiree had continued to be an Employee until such date, provided, however, that no option may be exercised after the earlier of (i) three years and three months after the Employee's retirement or (ii) the termination date of the option.

Section 3. If an optionee shall die while an Employee or within three years of his or her retirement (as defined in Section 2 of this Article IX) (a) all of the optionee's Stock Appreciation Rights or Limited Rights shall be terminated and (b) any outstanding option that would have become exercisable within three years of his or her retirement shall become fully vested and may be exercised within one year after the date of such death, but not later than the termination date of the option, by the person designated in the optionee's last will and testament or, if none, by the legal representative of the optionee's estate.

Section 4. If an optionee shall die after ceasing to be an Employee, all of the optionee's options shall be terminated except that any option (but not any Stock Appreciation Right or Limited Right) to the extent exercisable by the optionee at the time of death may be exercised within one year after the date of death, but not later than the termination date of the option, by the optionee's estate or by the person designated in the optionee's last will and testament.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 1. Each option grant under this Plan shall be subject to the requirement that if at any time the Committee shall determine that the listing, registration or qualification of the shares of Common Stock subject to such grant upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the making of such grant or the issue of Common Stock pursuant thereto, then, anything in this Plan to the contrary notwithstanding, no option may be exercised in whole or in part, and no shares of Common Stock shall be issued, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not reasonably acceptable to the Committee.

Section 2. The Company may establish appropriate procedures to ensure payment or withholding of such income or other taxes as may be provided by law to be paid or withheld in connection with the issue of shares of Common Stock under this Plan or the making of any payments pursuant to Section 3 or 4 of Article VI, and to ensure that the Company receives prompt advice concerning the occurrence of an Income Recognition Date or any other event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or which may make available to the Company any tax deduction resulting from the occurrence of such event. Such procedures may include arrangements for payment or withholding of taxes by retaining shares of Common Stock otherwise issuable to the optionee in accordance with the provisions of this Plan or by accepting already owned shares, and by applying the Fair Market Value of such shares to the withholding taxes payable or to the amount of tax liability in excess of

withholding taxes which arises from the delivery of such shares.

Section 3. Any question as to whether and when there has been a retirement under the Company's Pension-Retirement Plan or any other pension plan sponsored by the Company or a Subsidiary or a cessation of employment for any other reason shall be determined by the Committee, and any such reasonable determination shall be final.

Section 4. All instruments evidencing options granted shall be in such form, consistent with this Plan and any applicable determinations or other actions of the Committee and the Board, as the officers of the Company shall determine.

Section 5. The grant of an option to an Employee shall not be construed to give such Employee any right to be retained in the employ of the Company or any of its Subsidiaries.

ARTICLE XI

PLAN TERMINATION AND AMENDMENTS

Section 1. The Board may terminate this Plan at any time, but this Plan shall in any event terminate on May 11, 2008, and no options may thereafter be granted, unless the shareholders shall have approved its extension. Options granted in accordance with this Plan prior to the date of its termination may extend beyond that date.

Section 2. The Board or the Committee may from time to time amend, modify or suspend this Plan, but no such amendment or modification without the approval of the shareholders shall

(a) increase the maximum number (determined as provided in this Plan) of shares of any class of Common Stock which may be issued pursuant to options granted under this Plan;

(b) permit the grant of any option at a purchase price less than 100% of the Fair Market Value of the Common Stock covered by such option at the time such option is granted;

(c) permit the exercise of an option unless arrangements are made to ensure that the full purchase price of the shares as to which the option is exercised is paid prior to delivery of such shares; or

(d) extend beyond May 11, 2008, the period during which option grants may be made.

ARTICLE XII

DEFINITIONS

Wherever used in this Plan, the following terms shall have the meanings indicated:

Change in Control: A "Change in Control" shall be deemed to occur (i) upon the approval of the shareholders of the Company (or if such approval is not required, the approval of the Board) of (A) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which the shares of all classes of the Company's Common Stock would be converted into cash, securities or other property other than a consolidation or merger in which holders of the total voting power in the election of directors of the Company of all classes of Common Stock outstanding (exclusive of shares held by the Company's affiliates) (the "Total Voting Power") immediately prior

to the consolidation or merger will have the same proportionate ownership of the total voting power in the election of directors of the surviving corporation immediately after the consolidation or merger, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all the assets of the Company, (2) when any "person" (as defined in Section 13(d) of the Act) other than the Company, its affiliates or an employee benefit plan or trust maintained by the Company or its affiliates, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of more than 20% of the Total Voting Power, or (3) if at any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election by the Company's shareholders of each new director during such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period.

Election Period: The period beginning on the third business day following a date on which the Company releases for publication its quarterly or annual summary statements of sales and earnings, and ending on the twelfth business day following such date.

Employee: Any officer and any other salaried employee of the Company or a Subsidiary, including (a) any director who is also an employee of the Company or a Subsidiary and (b) an officer or salaried employee on approved leave of absence provided such employee's right to continue employment with the Company or a Subsidiary upon expiration of such employee's leave of absence is guaranteed either by statute or by contract with or by a policy of the Company or a Subsidiary. For purposes of eligibility for the grant of a nonqualified stock option, such term shall include any individual who has agreed in writing to become an officer or other salaried employee of the Company or a Subsidiary within 30 days following the date on which an option is granted to such individual.

Fair Market Value: With respect to shares of any class of Common Stock, the average of the high and low quoted sale prices of a share of such Stock on the date in question (or, if there is no reported sale on such date, on the last preceding date on which any reported sale occurred) on the New York Stock Exchange Composite Transactions Tape.

Income Recognition Date: With respect to the exercise of any option, the later of (a) the date of such exercise or (b) the date on which the rights of the holder of such option in the shares of Common Stock covered by such exercise become transferable and not subject to a substantial risk of forfeiture (within the meaning of Section 83 of the Code); provided, however, that, if such holder shall make an election pursuant to Section 83(b) of the Code with respect to such exercise, the Income Recognition Date with respect thereto shall be the date of such exercise.

Offer: Any tender offer, exchange offer or series of purchases or other acquisitions, or any combination of those transactions, as a result of which 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 30% of the total voting power in the election of directors of the Company of all classes of Common Stock outstanding (exclusive of shares held by the Company's Subsidiaries).

Offer Price: The highest price per share of Common Stock paid in any Offer which is in effect at any time beginning on the ninetieth day prior to the date on which a Limited Right is exercised. Any securities or property which are part or all of the consideration paid for shares of Common Stock in the Offer shall be valued in determining the Offer Price at the higher of (a) the valuation placed on such securities or property by the person or persons making such Offer or (b) the valuation of such securities or property as may be determined by the Committee.

Subsidiary: Any corporation of which stock representing at least 50% of the ordinary voting power is owned, directly or indirectly, by the Company.

Exhibit 10(i)(v)

AMENDMENT NO. 4 TO EMPLOYMENT AGREEMENT

AMENDMENT No. 4 to Employment Agreement dated as of May 1, 1993, as amended by Amendment No. 1 thereto dated March 18, 1994, as amended by Amendment No. 2 thereto dated as of September 16, 1994, and as amended by Amendment No. 3 thereto dated as of May 1, 1996 (said Employment Agreement as so amended being hereinafter called the "Employment Agreement"), between The Pittston Company, a Virginia corporation (the "Company"), and Joseph C. Farrell, residing at 4917 Lockgreen Circle, Richmond, Virginia 23226 (the "Employee").

The Company and the Employee agree to amend the Employment Agreement as follows:

1. The last sentence of the second paragraph of Section 1 of the Employment Agreement is hereby amended by substituting the phrase "Executive Agreement dated as of April 23, 1997" for the phrase "Employment Agreement dated as of March 1, 1984".

IN WITNESS WHEREOF, the parties have executed this Amendment No. 4 as of April 23, 1997.

THE PITTSTON COMPANY

By /s/ Frank T. Lennon

Frank T. Lennon
Vice President -
Human Resources and
Administration

APPROVED:

/s/ Roger G. Ackerman
- -----------------------
Roger G. Ackerman
Chairman, Compensation and
Benefits Committee of the
Board of Directors

/s/ Joseph C. Farrell

Joseph C. Farrell

Exhibit 10(k)

1994 EMPLOYEE STOCK PURCHASE PLAN

OF

THE PITTSTON COMPANY

(As Amended and Restated as of May 2, 1997)

TABLE OF CONTENTS

1994 EMPLOYEE STOCK PURCHASE PLAN

OF

THE PITTSTON COMPANY

(As Amended and Restated As of May 2, 1997)

ARTICLE I

Purpose of the Plan

This 1994 Employee Stock Purchase Plan of The Pittston Company (the "Plan"), as effective July 1, 1994, contained provisions designed to enable eligible employees to purchase through regular payroll deductions shares of either or both classes of Common Stock of The Pittston Company, viz., Pittston Services Group Common Stock and Pittston Minerals Group Common Stock. The Company intends this Plan to encourage such employees to acquire a proprietary interest in the Company with a view toward further identifying their interests with those of other shareholders of the Company. The Plan is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code.

Effective January 19, 1996, the Plan is amended and restated to reflect the redesignation (the "Redesignation") of the Pittston Services Group Common Stock as Pittston Brink's Group Common Stock and the creation of a

new class of Common Stock designated Pittston Burlington Group Common Stock.

ARTICLE II

Definitions

Section 1. Wherever used in the Plan, the following terms shall have the meanings indicated:

Board: The Board of Directors of the Company.

Code: The Internal Revenue Code of 1986, as amended.

Committee: The committee designated by the Board to administer the Plan in accordance with Section 1 of Article III. Until otherwise determined by the Board, the Administrative Committee designated by the Board shall be the Committee under the Plan.

Common Stock: Any one or more classes of common stock of the Company, viz., Pittston Brink's Group Common Stock, Pittston Burlington Group Common Stock, Pittston Minerals Group Common Stock prior to January 1, 1996, Pittston Services Group Common Stock. Unless otherwise indicated, references in the Plan to Common Stock shall be construed to refer to the class of common stock covered by the particular designation on a Participant's enrollment form. Such shares of

Common Stock of the Company shall be subject to such terms, conditions and restrictions, including without limitations, restrictions on resale of such shares for a specified period of time, as shall be determined by the Committee.

Company: The Pittston Company.

Compensation: The annual base rate of pay of a Participant as of each Offering Date applicable to such Participant, including commissions but excluding, unless otherwise determined by the Committee in accordance with nondiscriminatory rules adopted by it, overtime or premium pay.

Dividend Date: The date on which a cash dividend on Common Stock held by the Nominee is paid.

Eligible Employee: Any employee of the Company or a Subsidiary (a) whose date of hire was at least six months prior to the commencement of an Offering Period and (b) who is customarily employed for at least 20 hours per week and five months in a calendar year; provided, however, that in the case of an employee who is covered by a collective bargaining agreement, he or she shall not be considered an Eligible Employee unless and until the labor organization representing such individual has accepted the Plan on behalf of the

employees in the collective bargaining unit. Any such employee shall continue to be an Eligible Employee during an approved leave of absence provided such employee's right to continue employment with the Company or a Subsidiary upon expiration of such employee's leave of absence is guaranteed either by statute or by contract with, or a policy of, the Company or a Subsidiary.

Fair Market Value: With respect to shares of any class of Common Stock, the average of the high and low quoted sale prices (including any sale prices determined on a when issued basis) of a share of such stock on the applicable Offering Date, Purchase Date, Dividend Date or other date specified herein, as the case may be, as reported on the New York Stock Exchange Composite Transactions Tape; provided that (a) if on such Offering Date, Dividend Date or any other date other than the Purchase Date, there is no reported sale transaction on the New York Stock Exchange Composite Transactions Tape, Fair Market Value shall be determined on the first subsequent date on which such a transaction shall have occurred, and (b) if on such Purchase Date there is no such transaction, Fair Market

Value shall be determined on the last preceding date on which such a transaction shall have occurred.

Nominee: The custodian designated by the Company for the Plan Accounts held hereunder.

Offering Date: The first day of each six-month period commencing on July 1 or January 1 on and after July 1, 1994.

Offering Period: With respect to each Participant, the six-month period from an Offering Date to and including the next following Purchase Date.

Participant: An Eligible Employee who elects to participate in the Plan on an Offering Date in accordance with the provisions of the Plan. All Participants shall have the same rights and privileges except as otherwise permitted by Section 423 of the Code and the Plan.

Plan Account: The account established for each Participant pursuant to the Plan.

Purchase Date: The last day of each six-month Offering Period.

Purchase Price: The price at which Participants may purchase shares of each class of Common Stock in accordance with the Plan.

Subsidiary: A subsidiary corporation, as defined in Section 424 of the Code, which is designated by the Committee as a Subsidiary for purposes of the Plan.

ARTICLE III

Administration

Section 1. Subject to the authority of the Board as described herein, the Plan shall be administered by a committee designated by the Board, which shall be composed of at least three members. The Committee is authorized to interpret the Plan and may from time to time adopt such rules and regulations for carrying out the Plan as it deems best. All determinations by the Committee shall be made by the affirmative vote of a majority of its members, but any determination reduced to writing and signed by a majority of its members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held. Subject to any applicable provisions of the Company's bylaws or of the Plan, all determinations by the Committee or the Board pursuant to the provisions of the Plan, and all related orders or resolutions of the Committee or the Board, shall be final, conclusive and binding on all persons, including the Company and its shareholders and Eligible Employees and Participants under the Plan.

Section 2. All authority of the Committee provided for in, or pursuant to, this Plan, including that referred to in Section 1 of this Article III, may also be exercised by the Board. In the event of any conflict or inconsistency between determinations, orders, resolutions or other actions of the Committee and the Board taken in connection with this Plan, the actions of the Board shall control.

ARTICLE IV

Number of Shares to be Offered

Section 1. Subject to the provisions of Section 2 of this Article IV, the maximum number of shares of Common Stock which may be issued or allocated pursuant to the Plan shall be (a) in the case of Pittston Brink's Group Common Stock, 750,000 shares, (b) in the case of Pittston Burlington Group Common Stock, 375,000 shares and (c) in the case of Pittston Minerals Group Common Stock, 250,000 shares.

Section 2. In the event of any dividend payable in any class of Common Stock or any split or combination of any class of Common Stock, (a) the number of shares of such class which may be issued under this Plan shall be proportionately increased or decreased, as the case may be,

(b) the number of shares of such class (including shares subject to rights to purchase which have not been exercised) thereafter deliverable shall be proportionately increased or decreased, as the case may be, and (c) the aggregate Purchase Price of shares of such class shall not be changed. In the event of any other recapitalization, reorganization, extraordinary dividend or distribution or restructuring transaction (including any distribution of shares of stock of any Subsidiary or other property to holders of shares of any class of Common Stock) affecting any class of Common Stock, the number of shares of such class issuable under this Plan shall be subject to such adjustment as the Committee or the Board may deem appropriate, and the number of shares of such class thereafter deliverable (including shares subject to rights to purchase which have not been exercised) and/or the Purchase Price shall be subject to such adjustment as the Committee or the Board may deem appropriate. In the event of a merger or share exchange in which the Company will not survive as an independent, publicly owned corporation, or in the event of a consolidation or of a sale of all or substantially all of the Company's assets, provision shall be made for the protection and continuation of any outstanding rights to purchase by the substitution, on an equitable basis, of such shares of

stock, other securities, cash, or any combination thereof, as shall be appropriate.

ARTICLE V

Eligibility and Participation

Section 1. An Eligible Employee who shall have satisfied all eligibility requirements on or before any Offering Date may become a Participant for the Offering Period commencing on such Offering Date by filing with the office or offices designated by the Committee an enrollment form prescribed by the Committee authorizing payroll deductions not less than ten business days prior to such Offering Date. By enrolling in the Plan, a Participant shall be deemed to elect to purchase the maximum number of shares (including the right to fractional shares calculated to the fourth decimal place) of the class of Common Stock that can be purchased with the amount of the Participant's Compensation which is withheld and designated for such class during the Offering Period.

Section 2. A Participant shall automatically participate in each successive Offering Period until the time of such Participant's withdrawal from the Plan as hereinafter provided. A Participant shall not be required to file any additional enrollment forms for any such successive

Offering Period in order to continue participation in the Plan.

Section 3. Each Participant shall designate on the enrollment form the percentage of Compensation which he or she elects to have withheld for the purchase of Common Stock, which may be any whole percentage from 1% up to and including 10% of such Participant's Compensation. A Participant may reduce (but not increase) the rate of payroll withholding during an Offering Period by filing with the Committee a form to be prescribed by it, at any time prior to the end of such Offering Period for which such reduction is to be effective. Not more than one reduction may be made in any Offering Period unless otherwise determined by nondiscriminatory rules adopted by the Committee. Each Participant shall also designate on the enrollment form a percentage (in multiples of 10%) of the Compensation withheld during an Offering Period that is to be used to purchase Pittston Brink's Group Common Stock, a percentage (in multiples of 10%) of such Compensation that is to be used to purchase Pittston Burlington Group Common Stock and/or a percentage (in multiples of 10%) of such Compensation that is to be used to purchase Pittston Minerals Group Common Stock; provided, however, that 100% of withheld Compensation shall be allocated among the three classes of Common Stock.

In the event a Participant elects to reduce the rate of payroll withholding during an Offering Period, such reduction shall be applied ratably to the allocation of his or her withheld Compensation among the three classes of Common Stock. During an Offering Period, a Participant may not change the allocation of his or her Compensation to be withheld during such Offering Period although such allocation may be changed for any subsequent Offering Period by filing an appropriate form not less than ten business days prior to the Offering Date for such subsequent Offering Period. A Participant may increase or decrease the rate of payroll deduction for any subsequent Offering Period by filing, at the appropriate office provided for in Section 1 of this Article V, a new authorization for payroll deductions not less than ten business days prior to the Offering Date for such subsequent Offering Period.

Section 4. The Purchase Price for each share of Common Stock to be purchased under the Plan in respect of any Offering Period shall be 85% of the Fair Market Value of such share on either (a) the Offering Date in respect thereof or (b) the Purchase Date in respect thereof, whichever is less.

Section 5. The aggregate Purchase Price shall be accumulated throughout the Offering Period solely by payroll

deductions which shall be applied automatically to purchase shares of the appropriate class of Common Stock on the Purchase Date for such Offering Period. Payroll deductions shall commence on the first payday following the applicable Offering Date and shall continue to the end of the Offering Period subject to prior decrease, withdrawal or termination as provided in the Plan.

Section 6. The Company will maintain a Plan Account on its books in the name of each Participant. On each payday the amount deducted from each Participant's Compensation will be credited to such Participant's Plan Account and such aggregate amount will be allocated among amounts to be used to purchase Pittston Brink's Group Common Stock, amounts to be used to purchase Pittston Burlington Group Common Stock and amounts to be used to purchase Pittston Minerals Group Common Stock. No interest shall accrue on any such payroll deductions. As of the Purchase Date with respect to each Offering Period, the amount then in such Plan Account and allocated to each class of Common Stock shall be applied to the purchase of the number of shares (including the right to fractional shares computed to the fourth decimal place) of the appropriate class of Common Stock determined by dividing such amount by the applicable Purchase Price of each class of Common Stock.

Section 7. The shares of Common Stock (including the right to fractional shares) purchased on behalf of a Participant shall initially be registered in the name of a Nominee. Stock certificates shall not be issued to Participants for the Common Stock held on their behalf in the name of the Nominee, but all rights accruing to an owner of record of such Common Stock, including, without limitation, voting and tendering rights, shall belong to the Participant for whose account such Common Stock is held.

Notwithstanding the foregoing, a Participant may elect, as of the first day of any calendar quarter, to have some or all of the full shares of either class of Common Stock previously purchased and registered in the name of the Nominee on his or her behalf registered in the name of such Participant by giving written notification of such election to the Company, specifying the number of full shares (if fewer than all) to be registered in the name of such Participant. In such case, the number of full shares of each class of Common Stock held by the Nominee on behalf of such Participant and so specified in the Participant's notice shall be transferred to and registered in the name of such Participant as soon as administratively practicable.

Upon the termination of the Plan pursuant to Article X, any full shares of any class of Common Stock

purchased for the benefit of any Participant under the Plan which are registered in the name of the Nominee shall be transferred to and registered in the name of each such Participant as soon as administratively practicable. In addition, each such Participant shall receive a cash payment in lieu of fractional shares equal to the Fair Market Value of any fractional shares of Common Stock held by the Nominee on the date of the termination of the Plan for the benefit of such Participant.

Section 8. A Participant may elect to cease active participation in the Plan with respect to all classes of Common Stock at any time up to the end of an Offering Period by filing with the Committee a form to be prescribed by it. As promptly as practicable after such filing, all payroll deductions credited to such Participant's Plan Account and allocated for the purchase of the class of Common Stock with respect to which the Participant is ceasing participation shall be returned to such Participant in cash, without interest. A Participant who elects to cease participation in the Plan may not resume participation in the Plan until after the expiration of one full Offering Period (following cessation of participation). Thereafter, any such Participant may enroll in the Plan by filing an enrollment form as provided in Section 1 of this Article V.

Section 9. In the event that the aggregate number of shares of any class of Common Stock which all Participants elect to purchase during an Offering Period shall exceed the number of shares of such class remaining available for issuance under the Plan, the number of shares which each Participant shall become entitled to purchase during such Offering Period shall be determined by multiplying the number of such shares available for issuance by a fraction whose numerator shall be the number of such shares such Participant has elected to purchase and whose denominator shall be the sum of the number of such shares which all Participants have elected to purchase. Any amounts deducted from a Participant's Compensation in excess of the amount that may be used to acquire shares of Common Stock shall be refunded to the Participant as soon as practicable.

Section 10. By executing an enrollment form, a Participant shall have authorized the Nominee to receive and collect all cash dividends or other distributions paid with respect to shares of Common Stock held on the Participant's behalf and to use such funds to purchase all additional shares of Pittston Brink's Group Common Stock, Pittston Burlington Group Common Stock and Pittston Minerals Group Common Stock, including the right to fractional shares, on behalf of the Participant, that could be purchased by divid-

ing the amount of such dividend or other distribution by the Fair Market Value of the class of Common Stock giving rise to the distribution on the Dividend Date. The cash value of any distribution in property shall be determined by the Committee. Any stock dividend on shares of Common Stock shall be held by the Nominee for the benefit of the Participant on whose behalf the shares of Common Stock giving rise to the dividend are held. The Nominee shall distribute to any Participant, as soon as practical, any dividends received on shares of Common Stock, if the maximum share limitations set forth in Section 1 of Article IV prevent further issuances of such shares. A Participant who elects to hold shares of Common Stock previously registered in the name of the Nominee in his or her own name will cease to have the benefit of this Section 10 with respect to such shares when they are registered in his or her own name.

Section 11. Each Participant is entitled to direct the Nominee as to the manner in which any Common Stock held by the Nominee on behalf of such Participant is to be voted. Participants may vote fractional shares credited to their Plan Accounts. The combined fractional shares shall be voted to the extent possible to reflect the directions of the Participants holding fractional shares. Shares of Common Stock (including fractional shares) as to

which the Nominee shall not have received timely written voting directions by a Participant shall be voted proportionately with Common Stock of the same class as to which directions by Participants were so received.

Each Participant (or, in the event of his or her death, his or her beneficiary) is entitled to direct the Nominee in writing as to the manner in which the Nominee shall respond to a tender or exchange offer with respect to full shares of such Common Stock, and the Nominee shall respond in accordance with such directions. If the Nominee shall not have received timely written directions as to the response to such offer, the Nominee shall not tender or exchange any Common Stock allocated to such Plan Accounts.

ARTICLE VI

Effect of Termination of Employment

In the event of the termination of a Participant's employment for any reason, including retirement or death, or the failure of a Participant to remain an Eligible Employee, all full shares of each class of Common Stock then held for his or her benefit by the Nominee shall be registered in such individual's name and an amount equal to the Fair Market Value (on the date of registration of full shares of Common Stock in the name of the Participant) of any frac-

tional share then held by the Nominee for the benefit of such Participant shall be paid to such individual, in cash, as soon as administratively practicable, and such individual shall thereupon cease to own the right to any such fractional share. Any amounts credited to such individual's Plan Account shall be refunded, without interest, to such individual, or, in the event of his or her death, to his or her legal representative. A transfer by a Participant from the Company to a Subsidiary, from one Subsidiary to another, or from a Subsidiary to the Company shall not be considered to be a termination of employment.

ARTICLE VII

Rights Not Transferable

The rights and interests of any Participant in the Plan, including any right to purchase shares of Common Stock, or in any Common Stock or moneys to which he or she may be entitled under the Plan shall not be transferable otherwise than by will or the applicable laws of descent and distribution and any such right to purchase shall be exercisable, only during the lifetime of such Participant, and then only by such Participant. If a Participant shall in any manner attempt to transfer, assign or otherwise encumber his or her rights or interests under the Plan, other than by

will, such attempt shall be deemed to constitute a cessation of participation in the Plan and the provisions included in Section 8 of Article V shall apply.

ARTICLE VIII

Limitation on Stock Ownership

Notwithstanding any provision herein to the contrary, no Participant shall have a right to purchase shares of any class of Common Stock pursuant to Article V if (a) such Participant, immediately after electing to purchase such shares, would own Common Stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or of any Subsidiary, or (b) the rights of such Participant to purchase Common Stock under the Plan would accrue at a rate that exceeds $15,000 of Fair Market Value of such Common Stock (determined at the time or times such rights are granted) for each calendar year for which such rights are outstanding at any time. For purposes of the foregoing clause (a), ownership of Common Stock shall be determined by the attribution rules of Section 424(d) of the Code and Participants shall be considered to own any Common Stock which they have a right to purchase under the Plan or any other stock option or purchase plan.

ARTICLE IX

Miscellaneous Provisions

Section 1. Nothing in the Plan shall be construed to give any Eligible Employee or Participant the right to be retained in the employ of the Company or a Subsidiary or to affect the right of the Company or any Subsidiary or a Participant to terminate such employment at any time with or without cause.

Section 2. A Participant shall have no rights as a shareholder with respect to any shares of any class of Common Stock which he or she may have a right to purchase under the Plan until the date such shares are registered in the name of a Nominee on behalf of such Participant.

Section 3. Each right to purchase shares of any class of Common Stock under the Plan shall be subject to the requirement that if at any time the Committee shall determine that the listing, registration or qualification of such right to purchase or the shares of any class of Common Stock subject thereto upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, such right to purchase or the issue of any class of Common Stock pursuant thereto, then, anything in the Plan to the contrary notwithstanding,

no such right to purchase may be exercised in whole or in part, and no shares of such class of Common Stock shall be issued, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not reasonably acceptable to the Committee.

Section 4. All instruments evidencing participation in the Plan shall be in such form, consistent with the Plan and any applicable determinations or other actions of the Committee and the Board, as the Company shall determine.

Section 5. The Committee may establish appropriate procedures with a view toward obtaining information regarding any disqualifying disposition by any person of shares of any class of Common Stock which may make available to the Company a tax deduction in respect of such disposition.

ARTICLE X

Amendment or Termination of the Plan

Section 1. The Plan became effective as of July 1, 1995, and shall terminate on June 30, 2002, unless the shareholders theretofore shall have approved an extension of such termination date.

Section 2. The Board may, at any time and from time to time, amend (including, but not limited to, amendments to the Plan to increase the Purchase Price described in Section 4 of Article V), modify or terminate the Plan, but no such amendment or modification without the approval of the shareholders shall:

(a) increase the maximum number (determined as provided in the Plan) of shares of any class of Common Stock which may be issued pursuant to the Plan;

(b) permit the issuance of any shares of any class of Common Stock at a Purchase Price less than that provided in the Plan as approved by the shareholders;

(c) extend the term of the Plan; or

(d) cause the Plan to fail to meet the requirements of an "employee stock purchase plan" under Section 423 of the Code.

Exhibit 10(l)(i)

EXECUTIVE AGREEMENT
dated as of April 23, 1997,
between The Pittston Company,
a Virginia corporation ("the Company"),
and Joseph C. Farrell (the "Executive").

The Company and the Executive agree to terminate as of the date hereof the letter agreement between the Executive and the Company dated as of March 1, 1984, regarding the Executive's employment in the event of a "Change in Control," and to substitute therefor this Agreement, and the Company and the Executive further agree as follows:

SECTION 1. Definitions. As used in this Agreement:

(a) "Affiliate" has the meaning ascribed thereto in Rule 12b-2 pursuant to the Securities Exchange Act of 1934, as amended (the "Act").

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means (i) an act or acts of dishonesty on the Executive's part which are intended to result in the Executive's substantial personal enrichment at the expense of the Company or (ii) repeated material violations by the Executive of the Executive's obligations under Section 3 or Section 11 which are demonstrably willful and deliberate on the Executive's part and which have not been cured by the Executive within a reasonable time after written notice to the Executive specifying the nature of such violations. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause without (1) reasonable notice to the Executive setting forth the reasons for the Company's intention to terminate for Cause, (2) an opportunity for the Executive, together with his counsel, to be heard before the Board, and (3) delivery to the Executive of a Notice of Termination, as defined in Section 4(d) hereof, from the Board finding that in the good faith opinion of three-quarters (3/4) of the Board the Executive was guilty of conduct set forth above in clause (i) or (ii) hereof, and specifying the particulars thereof in detail.

(d) A "Change in Control" shall be deemed to occur (1) upon the approval of the shareholders of the Company (or if such approval is not required, the approval of the Board) of (A) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which the shares of all classes of the Company's Common Stock would be converted into cash, securities or other property other than a consolidation or merger in which holders of the total voting power in the election of directors of the Company of all classes of Common Stock outstanding (exclusive of shares held by the Company's Affiliates) (the "Total Voting Power") immediately prior to the consolidation or merger will have the same proportionate ownership of the total voting power in the election of directors of the surviving corporation immediately after the consolidation or merger, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all the assets of the Company, (2) when any "person" (as defined in Section 13(d) of the Act), other than the Company, its Affiliates or an employee benefit plan or trust maintained by the Company or its Affiliates, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of more than 20% of the Total Voting Power or (3) if at any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election by the Company's shareholders of each new director during such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period.

(e) "Good Reason" means:

(i) without the Executive's express written consent and excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company or its Affiliates promptly after receipt of notice thereof given by the Executive, (A) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a) hereof, (B) any other action by the Company or its Affiliates which results in a diminution in such position, authority, duties or responsibilities, or (C) any failure by the Company to comply with any of the provisions of Section 3(b) hereof;

(ii) without the Executive's express written con sent, the Company's requiring the Executive's work location to be other than as set forth in Section 3(a)(i);

(iii) any failure by the Company to comply with and satisfy Section 10(a); or

(iv) any breach by the Company of any other material provision of this Agreement.

(f) "Incapacity" means any physical or mental illness or disability of the Executive which continues for a period of six consecutive months or more and which at any time after such six-month period the Board shall reasonably determine renders the Executive incapable of performing his or her duties during the remainder of the Employment Period.

(g) "Operative Date" means the date on which a Change in Control shall have occurred.

SECTION 2. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Operative Date and ending on the later of (i) September 30, 2000 and (ii) the third anniversary of the Operative Date (the "Employment Period").

SECTION 3. Terms of Employment. (a) Position and Duties. (i) During the Employment Period: (A) the Executive's position (including status, offices, titles, reporting requirements, authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned immediately prior to the Operative Date, and (B) the Executive's services shall be performed at the location at which the Executive was based on the Operative Date and the Company shall not require the Executive to travel on Company business to a substantially greater extent than required immediately before the Operative Date, except for travel and temporary assignments which are reasonably required for the full discharge of the Executive's responsibilities and which are consistent with the Executive's being so based.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote

reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. All such services as an employee or officer will be subject to the direction and control of the Chief Executive Officer of the Company or of an appropriate senior official designated by such Chief Executive Officer.

(b) Compensation. (i) Salary and Bonus. During the first year of the Executive's Employment Period the Executive will receive compensation at an annual rate equal to the sum of (A) a salary ("Annual Base Salary") not less than the Executive's annualized salary in effect immediately prior to the Operative Date, plus (B) a bonus ("Annual Bonus") not less than the aggregate amount of the Executive's highest bonus award under the Key Employees Incentive Plan or any substitute or successor plan for the last three calendar years preceding the Operative Date. During the Employment Period, on each anniversary of the Operative Date the Executive's compensation in effect on such anniversary date shall be increased for the remaining Employment Period by not less than the higher of (A) 5% or (B) 80% of the percentage change in the Consumer Price Index (All Urban Consumers) for the twelve month period ended immediately prior to the month in which such anniversary date occurs.

(ii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive will be entitled to (A) continue to participate in all incentive, savings and retirement plans and programs generally applicable to full-time officers or employees of the Company, including, with out limitation, the Company's Pension-Retirement Plan, Pension Equalization Plan, Savings-Investment Plan, Employee Stock Purchase Plan and Key Employees Deferred Compensation Program, or (B) participate in incentive, savings and retirement plans and programs of a successor to the Company which have benefits that are not less favorable to the Executive.

(iii) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family or beneficiary, as the case may be, shall be eligible to (A) participate in and shall receive all benefits under welfare benefit plans and programs generally applicable to full-time officers or employees of the Company, including, without limitation, medical, disability, group life, accidental death and travel accident insurance plans and

programs, or (B) participate in welfare benefit plans and programs of a successor to the Company which have benefits that are not less favorable to the Executive.

(iv) Business Expenses. During the Employment Period the Company shall, in accordance with policies then in effect with respect to the payment of expenses, pay or reimburse the Executive for all reasonable out-of-pocket travel and other expenses (other than ordinary commuting expenses) incurred by the Executive in performing services hereunder. All such expenses shall be accounted for in such reasonable detail as the Company may require.

(v) Vacations. The Executive shall be entitled to periods of vacation not less than those to which the Executive was entitled immediately prior to the Operative Date.

SECTION 4. Termination of Employment.

(a) Death or Incapacity. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. The Executive's employment shall cease and terminate on the date of determination by the Board that the Incapacity of the Executive has occurred during the Employment Period ("Incapacity Effective Date").

(b) Cause. The Company may terminate the Executive's employment for Cause, as defined herein, pursuant to the Board passing a resolution that such Cause exists.

(c) Good Reason. The Executive may terminate his or her employment for Good Reason, as defined herein.

(d) Notice of Termination. Any termination by the Company for Cause or Incapacity, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12 of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, (iii) in the case of termination by the Company for Cause or for Incapacity, confirms that such termination is pursuant to a resolution of the Board, and (iv) if the Date of

Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Incapacity or Cause shall not serve to waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Incapacity, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, and (iii) if the Executive's employment is terminated by reason of death or Incapacity, the Date of Termination shall be the date of death of the Executive or the Incapacity Effective Date, as the case may be.

SECTION 5. Obligations of the Company Upon Termination. (a) Termination for Good Reason or for Reasons Other Than for Cause, Death or Incapacity. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Incapacity or the Executive shall terminate his or her employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

(A) the sum of (1) the Executive's currently effective Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the currently effective Annual Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and

(3) shall be hereinafter referred to as the

"Accrued Obligations"); and

(B) the amount equal to the product of (1) three (plus a fraction, the numerator of which is the number of days from the Date of Termination through September 30, 1997, if any, and the denominator of which is 365) and (2) the sum of (x) the Executive's Annual Base Salary and (y) his or her Annual Bonus;

(ii) in addition to the retirement benefits to which the Executive is entitled under the Company's Pension-Retirement Plan and Pension Equalization Plan or any successor plans thereto (collectively, the "Pension Plans"), the Company shall pay the Executive the excess of (x) the retirement pension which the Executive would have accrued under the terms of the Pension Plans (without regard to any amendment to the Pension Plans made subsequent to a Change in Control and on or prior to the Date of Termination, which amendment adversely affects in any manner the computation of retirement benefits thereunder), determined as if the Executive were fully vested thereunder and had accumulated (after the Date of Termination) thirty-six additional months of Benefit Accrual Service credit (as such term is defined in the Pension Plans) thereunder and treating the amounts paid under clause (i)(B) of this Section 5(a) as compensation paid during a thirty-six month period for purposes of calculating Annual Salary and benefits under the Pension Plans, over (y) the retirement pension which the Executive had then accrued pursuant to the provisions of the Pension Plans, such pension benefits to thereafter be paid and funded in accordance with the terms of the Pension Plans and the Trust Agreement dated as of September 16, 1994, by and between the Company and The Chase Manhattan Bank (N.A.), as Trustee;

(iii) for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with benefit plans, programs, practices and policies, including, without limitation, those described in Section 3(b)(iii) of this Agreement if the Executive's employment had not been terminated or, if

more favorable to the Executive, as in effect generally at any time thereafter, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical benefits under another employer-provided plan, the medical benefits shall be secondary to those provided under such other plan during such applicable period of eligibility and further provided, however, that the rights of the Executive and/or the Executive's family under Section 4980B(f) of the Code shall commence at the end of such three-year period;

(iv) the Company shall, at its sole expense as incurred, provide the Executive with reasonable out-placement services for a period of up to one year from the Date of Termination, the provider of which shall be selected by the Executive in his or her sole discretion;

(v) the Company shall pay in cash, at the request of the Executive, the spread between the option price and market value with respect to all unexercised stock options granted before the Date of Termination, whether or not such options are exercisable on the date of such request. Market value shall be deemed to be the last closing price for the stock subject to such option on the New York Stock Exchange on the Date of Termination or, should the stock cease to be listed on such Exchange prior to the Date of Termination, on the last date on which such stock was traded; and

(vi) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates, including earned but unpaid stock and similar compensation (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Death or Incapacity. If the Executive's employment is terminated by reason of the Executive's death or Incapacity during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for (i) timely payment of Accrued Obligations and (ii) provision by the Company of death benefits or disability benefits for termination due to death or Incapacity,

respectively, in accordance with Section 3(b)(iii) as in effect at the Operative Date or, if more favorable to the Executive, at the Executive's Date of Termination.

(c) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than timely payment to the Executive of (x) the Executive's currently effective Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive and any and all amounts matched by the Company or any of the Affiliates, including, without limitation, all proceeds thereof and all amounts attributable thereto, and (z) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for the timely payment of Accrued Obligations and Other Benefits.

SECTION 6. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Executive may qualify, nor, subject to Section 15(c), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

SECTION 7. No Mitigation. The Company agrees that, if the Executive's employment is terminated during the term of this Agreement for any reason, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive hereunder. Further, except as provided in Section 5(a)(iii) hereof, the amount of any payment or benefit provided hereunder shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

SECTION 8. 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 the Executive might otherwise be entitled to assert against the Company by reason of the termination of the Executive's employment for any reason during the Employment Period. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced, except as explicitly provided in Section 5(a)(iii), whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof.

SECTION 9. Certain Additional Payments by the Company. Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable) pursuant to the terms of this Agreement or otherwise (collectively, the "Payments") but determined without regard to any additional payments required under this Section 9, would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, the Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount equal to (i) the amount of the excise tax imposed on the Executive in respect of the Payments (the "Excise Tax") plus (ii) all federal, state and local income, employment and excise taxes (including any interest or penalties imposed with respect to such taxes) imposed on the Executive in respect of the Gross-Up Payment, such that after payments of all such taxes (including any applicable interest or penalties) on the Gross-Up Payment, the Executive retains a portion of the Gross-Up Payment equal to the Excise Tax.

SECTION 10. Successors; Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by agreement, in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession will be a breach of this Agreement and entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder had the Company terminated the Executive for reason other than Cause or Incapacity on the succession date. As used in this Agreement, "the Company" means the Company as defined in the preamble to this Agreement and any successor to its business or assets which executes and delivers the agreement provided for in this Section 10 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law or otherwise.

(b) This Agreement shall be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

SECTION 11. Non-assignability. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in Section 10 hereof. Without limiting the foregoing, the Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than a transfer by his or her will or by the laws of descent or distribution, and, in the event of any attempted assignment or transfer by the Executive contrary to this Section, the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

SECTION 12. Notices. For the purpose of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States

registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:	Mr. Joseph C. Farrell 4917 Lockgreen Circle Richmond, VA 23226
If to the Company:	The Pittston Company 1000 Virginia Center Parkway P.O. Box 4229 Glen Allen, VA 23058-4229 Attention of Corporate Secretary

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

SECTION 13. Operation of Agreement. (a) This Agreemen shall be effective immediately upon its execution and continue to be effective so long as the Executive is employed by the Company or any of its Affiliates. The provisions of this Agreement do not take effect until the Operative Date.

(b) Notwithstanding anything in Section 13(a) to the contrary, this Agreement shall, unless extended by written agreement of the parties hereto, terminate, without further action by the parties hereto, on the tenth anniversary of the date of this Agreement if a Change in Control shall not have occurred prior to such tenth anniversary date.

SECTION 14. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Virginia without reference to principles of conflict of laws.

SECTION 15. Miscellaneous. (a) This Agreement contains the entire understanding with the Executive with respect to the subject matter hereof and supersedes any and all prior agreements or understandings, written or oral, relating to such subject matter. No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in writing signed by the Executive and the Company.

(b) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(c) Except as provided herein, this Agreement shall not be construed to affect in any way any rights or obligations in relation to the Executive's employment by the Company or any of its Affiliates prior to the Operative Date or subsequent to the end of the Employment Period.

(d) This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same Agreement.

(e) The Company may withhold from any benefits payable under this Agreement all Federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

(f) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year first above set forth.

THE PITTSTON COMPANY,

by /s/ Frank T. Lennon

Frank T. Lennon
Vice President -
Human Resources and
Administration

/s/ Joseph C. Farrell

Joseph C. Farrell

Exhibit 10(l)(ii)

EXECUTIVE AGREEMENT
dated as of April 23, 1997,
between The Pittston Company,
a Virginia corporation ("the Company"),
and Executive (the "Executive").

The Company and the Executive agree to terminate as of the date hereof the letter agreement between the Executive and the Company dated ____________, regarding the Executive's employment in the event of a "Change in Control," and to substitute therefor this Agreement, and the Company and the Executive further agree as follows:

SECTION 1. Definitions. As used in this Agreement:

(a) "Affiliate" has the meaning ascribed thereto in Rule 12b-2 pursuant to the Securities Exchange Act of 1934, as amended (the "Act").

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means (i) an act or acts of dishonesty on the Executive's part which are intended to result in the Executive's substantial personal enrichment at the expense of the Company or (ii) repeated material violations by the Executive of the Executive's obligations under Section 3 or Section 11 which are demonstrably willful and deliberate on the Executive's part and which have not been cured by the Executive within a reasonable time after written notice to the Executive specifying the nature of such violations. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause without (1) reasonable notice to the Executive setting forth the reasons for the Company's intention to terminate for Cause, (2) an opportunity for the Executive, together with his counsel, to be heard before the Board, and (3) delivery to the Executive of a Notice of Termination, as defined in Section 4(d) hereof, from the Board finding that in the good faith opinion of three-quarters (3/4) of the Board the Executive was guilty of conduct set forth above in clause (i) or (ii) hereof, and specifying the particulars thereof in detail.

(d) A "Change in Control" shall be deemed to occur (1) upon the approval of the shareholders of the

Company (or if such approval is not required, the approval of the Board) of (A) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which the shares of all classes of the Company's Common Stock would be converted into cash, securities or other property other than a consolidation or merger in which holders of the total voting power in the election of directors of the Company of all classes of Common Stock outstanding (exclusive of shares held by the Company's Affiliates) (the "Total Voting Power") immediately prior to the consolidation or merger will have the same proportionate ownership of the total voting power in the election of directors of the surviving corporation immediately after the consolidation or merger, or (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all the assets of the Company, (2) when any "person" (as defined in Section 13(d) of the Act), other than the Company, its Affiliates or an employee benefit plan or trust maintained by the Company or its Affiliates, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of more than 20% of the Total Voting Power or (3) if at any time during a period of two consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election by the Company's shareholders of each new director during such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period.

(e) "Good Reason" means:

(i) without the Executive's express written consent and excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company or its Affiliates promptly after receipt of notice thereof given by the Executive, (A) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a) hereof, (B) any other action by the Company or its Affiliates which results in a diminution in such position, authority, duties or responsibilities, or (C) any failure by the Company to comply with any of the provisions of Section 3(b) hereof;

(ii) without the Executive's express written consent, the Company's requiring the Executive's work

location to be other than as set forth in Section 3(a)(i);

(iii) any failure by the Company to comply with and satisfy Section 10(a); or

(iv) any breach by the Company of any other material provision of this Agreement.

(f) "Incapacity" means any physical or mental illness or disability of the Executive which continues for a period of six consecutive months or more and which at any time after such six-month period the Board shall reasonably determine renders the Executive incapable of performing his or her duties during the remainder of the Employment Period.

(g) "Operative Date" means the date on which a Change in Control shall have occurred.

SECTION 2. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Operative Date and ending on the third anniversary of such date (the "Employment Period").

SECTION 3. Terms of Employment. (a) Position and Duties. (i) During the Employment Period: (A) the Executive's position (including status, offices, titles, reporting requirements, authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned immediately prior to the Operative Date, and (B) the Executive's services shall be performed at the location at which the Executive was based on the Operative Date and the Company shall not require the Executive to travel on Company business to a substantially greater extent than required immediately before the Operative Date, except for travel and temporary assignments which are reasonably required for the full discharge of the Executive's responsibilities and which are consistent with the Executive's being so based.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reason-

able best efforts to perform faithfully and efficiently such responsibilities. All such services as an employee or officer will be subject to the direction and control of the Chief Executive Officer of the Company or of an appropriate senior official designated by such Chief Executive Officer.

(b) Compensation. (i) Salary and Bonus. During the first year of the Executive's Employment Period the Executive will receive compensation at an annual rate equal to the sum of (A) a salary ("Annual Base Salary") not less than the Executive's annualized salary in effect immediately prior to the Operative Date, plus (B) a bonus ("Annual Bonus") not less than the aggregate amount of the Executive's highest bonus award under the Key Employees Incentive Plan or any substitute or successor plan for the last three calendar years preceding the Operative Date. During the Employment Period, on each anniversary of the Operative Date the Executive's compensation in effect on such anniversary date shall be increased for the remaining Employment Period by not less than the higher of (A) 5% or (B) 80% of the percentage change in the Consumer Price Index (All Urban Consumers) for the twelve month period ended immediately prior to the month in which such anniversary date occurs.

(ii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive will be entitled to (A) continue to participate in all incentive, savings and retirement plans and programs generally applicable to full-time officers or employees of the Company, including, without limitation, the Company's Pension-Retirement Plan, Pension Equalization Plan, Savings-Investment Plan, Employee Stock Purchase Plan and Key Employees Deferred Compensation Program, or (B) participate in incentive, savings and retirement plans and programs of a successor to the Company which have benefits that are not less favorable to the Executive.

(iii) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family or beneficiary, as the case may be, shall be eligible to (A) participate in and shall receive all benefits under welfare benefit plans and programs generally applicable to full-time officers or employees of the Company, including, without limitation, medical, disability, group life, accidental death and travel accident insurance plans and programs, or (B) participate in welfare benefit plans and programs of a successor to the Company which have benefits that are not less favorable to the Executive.

(iv) Business Expenses. During the Employment Period the Company shall, in accordance with policies then in effect with respect to the payment of expenses, pay or reimburse the Executive for all reasonable out-of-pocket travel and other expenses (other than ordinary commuting expenses) incurred by the Executive in performing services hereunder. All such expenses shall be accounted for in such reasonable detail as the Company may require.

(v) Vacations. The Executive shall be entitled to periods of vacation not less than those to which the Executive was entitled immediately prior to the Operative Date.

SECTION 4. Termination of Employment.

(a) Death or Incapacity. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. The Executive's employment shall cease and terminate on the date of determination by the Board that the Incapacity of the Executive has occurred during the Employment Period ("Incapacity Effective Date").

(b) Cause. The Company may terminate the Executive's employment for Cause, as defined herein, pursuant to the Board passing a resolution that such Cause exists.

(c) Good Reason. The Executive may terminate his or her employment for Good Reason, as defined herein.

(d) Notice of Termination. Any termination by the Company for Cause or Incapacity, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12 of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, (iii) in the case of termination by the Company for Cause or for Incapacity, confirms that such termination is pursuant to a resolution of the Board, and (iv) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice). The failure by the Executive or the

Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Incapacity or Cause shall not serve to waive any right of the Executive or the Company, respectively, here under or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Incapacity, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, and (iii) if the Executive's employment is terminated by reason of death or Incapacity, the Date of Termination shall be the date of death of the Executive or the Incapacity Effective Date, as the case may be.

SECTION 5. Obligations of the Company Upon Termination. (a) Termination for Good Reason or for Reasons Other Than for Cause, Death or Incapacity. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Incapacity or the Executive shall terminate his or her employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

(A) the sum of (1) the Executive's currently effective Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the currently effective Annual Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) three and (2) the sum of (x) the Executive's Annual Base Salary and (y) his or her Annual Bonus;

(ii) in addition to the retirement benefits to which the Executive is entitled under the Company's Pension-Retirement Plan and Pension Equalization Plan or any successor plans thereto (collectively, the "Pension Plans"), the Company shall pay the Executive the excess of (x) the retirement pension which the Executive would have accrued under the terms of the Pension Plans (without regard to any amendment to the Pension Plans made subsequent to a Change in Control and on or prior to the Date of Termination, which amendment adversely affects in any manner the computation of retirement benefits thereunder), determined as if the Executive were fully vested thereunder and had accumulated (after the Date of Termination) thirty-six additional months of Benefit Accrual Service credit (as such term is defined in the Pension Plans) thereunder and treating the amounts paid under clause (i)(B) of this Section 5(a) as compensation paid during a thirty-six month period for purposes of calculating Average Salary and benefits under the Pension Plans, over (y) the retirement pension which the Executive had then accrued pursuant to the provisions of the Pension Plans, such pension benefits to thereafter be paid and funded in accordance with the terms of the Pension Plans and the Trust Agreement dated as of September 16, 1994, by and between the Company and The Chase Manhattan Bank (N.A.), as Trustee;

(iii) for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with benefit plans, programs, practices and policies, including, without limitation, those described in Section 3(b)(iii) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical benefits under another employer-provided plan, the medical benefits shall be secondary to those provided under such other plan

during such applicable period of eligibility and further provided, however, that the rights of the Executive and/or the Executive's family under Section 4980B(f) of the Code shall commence at the end of such three-year period;

(iv) the Company shall, at its sole expense as incurred, provide the Executive with reasonable outplacement services for a period of up to one year from the Date of Termination, the provider of which shall be selected by the Executive in his or her sole discretion;

(v) the Company shall pay in cash, at the request of the Executive, the spread between the option price and market value with respect to all unexercised stock options granted before the Date of Termination, whether or not such options are exercisable on the date of such request. Market value shall be deemed to be the last closing price for the stock subject to such option on the New York Stock Exchange on the Date of Termination or, should the stock cease to be listed on such Exchange prior to the Date of Termination, on the last date on which such stock was traded; and

(vi) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates, including earned but unpaid stock and similar compensation (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Death or Incapacity. If the Executive's employment is terminated by reason of the Executive's death or Incapacity during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for (i) timely payment of Accrued Obligations and (ii) provision by the Company of death benefits or disability benefits for termination due to death or Incapacity, respectively, in accordance with Section 3(b)(iii) as in effect at the Operative Date or, if more favorable to the Executive, at the Executive's Date of Termination.

(c) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during

the Employment Period, this Agreement shall terminate without further obligations to the Executive other than timely payment to the Executive of (x) the Executive's currently effective Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive and any and all amounts matched by the Company or any of the Affiliates, including, without limitation, all proceeds thereof and all amounts attributable thereto, and (z) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for the timely payment of Accrued Obligations and Other Benefits.

SECTION 6. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Executive may qualify, nor, subject to Section 15(c), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

SECTION 7. No Mitigation. The Company agrees that, if the Executive's employment is terminated during the term of this Agreement for any reason, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive hereunder. Further, except as provided in Section 5(a)(iii) hereof, the amount of any payment or benefit provided hereunder shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

SECTION 8. 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 the Executive might otherwise be entitled to assert against the Company by reason of the termination of the Executive's employment for any reason

during the Employment Period. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced, except as explicitly provided in Section 5(a)(iii), whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof.

SECTION 9. Certain Additional Payments by the Company. Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable) pursuant to the terms of this Agreement or otherwise (collectively, the "Payments") but determined without regard to any additional payments required under this Section 9, would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, the Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount equal to (i) the amount of the excise tax imposed on the Executive in respect of the Payments (the "Excise Tax") plus (ii) all federal, state and local income, employment and excise taxes (including any interest or penalties imposed with respect to such taxes) imposed on the Executive in respect of the Gross-Up Payment, such that after payments of all such taxes (including any applicable interest or penalties) on the Gross-Up Payment, the Executive retains a portion of the Gross-Up Payment equal to the Excise Tax.

SECTION 10. Successors; Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by agreement, in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same

manner and to the same extent that the Company would be required to perform if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession will be a breach of this Agreement and entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder had the Company terminated the Executive for reason other than Cause or Incapacity on the succession date. As used in this Agreement, "the Company" means the Company as defined in the preamble to this Agreement and any successor to its business or assets which executes and delivers the agreement provided for in this Section 10 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law or otherwise.

(b) This Agreement shall be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

SECTION 11. Non-assignability. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in Section 10 hereof. Without limiting the foregoing, the Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than a transfer by his or her will or by the laws of descent or distribution, and, in the event of any attempted assignment or transfer by the Executive contrary to this Section, the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

SECTION 12. Notices. For the purpose of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States regis-

tered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: Executive

If to the Company: The Pittston Company
1000 Virginia Center Parkway
P.O. Box 4229
Glen Allen, VA 23058-4229
Attention of Corporate Secretary

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

SECTION 13. Operation of Agreement. (a) This Agreement shall be effective immediately upon its execution and continue to be effective so long as the Executive is employed by the Company or any of its Affiliates. The provisions of this Agreement do not take effect until the Operative Date.

(b) Notwithstanding anything in Section 13(a) to the contrary, this Agreement shall, unless extended by written agreement of the parties hereto, terminate, without further action by the parties hereto, on the tenth anniversary of the date of this Agreement if a Change in Control shall not have occurred prior to such tenth anniversary date.

SECTION 14. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Virginia without reference to principles of conflict of laws.

SECTION 15. Miscellaneous. (a) This Agreement contains the entire understanding with the Executive with respect to the subject matter hereof and supersedes any and all prior agreements or understandings, written or oral, relating to such subject matter. No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in writing signed by the Executive and the Company.

(b) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(c) Except as provided herein, this Agreement shall not be construed to affect in any way any rights or obligations in relation to the Executive's employment by the Company or any of its Affiliates prior to the Operative Date or subsequent to the end of the Employment Period.

(d) This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same Agreement.

(e) The Company may withhold from any benefits payable under this Agreement all Federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

(f) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year first above set forth.

THE PITTSTON COMPANY,

by
Joseph C. Farrell
Chairman of the Board,
President and Chief
Executive Officer

Executive

Exhibit 10(o)(i)

NONE

Exhibit 10(o)(ii)

SEVERANCE AGREEMENT

SEVERANCE AGREEMENT dated as of between THE PITTSTON COMPANY, a Virginia corporation ("the Company"), and (the "Executive").

The Executive is currently employed by the Company in a senior executive capacity. The Company and the Board recognize that the Executive's contribution to the growth and success of the Company has been substantial. The Board desires to reinforce and encourage the continued attention and dedication by the Executive to the Company's affairs as a member of the Company's senior management. The Company believes it to be in the best interests of the Company and its shareholders to identify and agree upon certain benefits and obligations of the Executive in the event of the termination of his services and to record those matters in this severance agreement (the "Agreement").

SECTION 1. Definitions. As used in this Agreement:

(a) "Board" means the Board of Directors of the Company.

(b) "Cause" means (i) an act or acts of dishonesty on the Executive's part which are intended to result in the Executive's substantial personal enrichment at the expense of the Company or (ii) repeated material violations by the Executive of the Executive's obligations hereunder which are demonstrably willful and deliberate on the Executive's part and which have not been cured by the Executive within a reasonable time after written notice to the Executive specifying the nature of such violations. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause without (1) reasonable notice to the Executive setting forth the reasons for the Company's intention to terminate for Cause, (2) an opportunity for the Executive, together with his counsel, to be heard before the Board, and (3) delivery to the Executive of a Notice of Termination from the Board finding that in the good faith opinion of three-quarters (3/4) of the Board the Executive was guilty of conduct set forth above in clause (i) or (ii) hereof, and specifying the particulars thereof in detail.

(c) "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Incapacity, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, and (iii) if the Executive's employment is terminated by reason of death or Incapacity, the Date of Termination shall be the date of death of the Executive or the effective date of the Incapacity, as the case may be.

(d) "Disposition Date" means the earlier of (i) the date of sale, lease, exchange or other transfer to a person previously unaffiliated with the Company of greater than fifty (50%) percent of the assets or shares of Brink's, Incorporated, Brink's Home Security, Inc., Pittston Coal Company, Burlington Air Express Inc. or Pittston Mineral Ventures Company or their respective successors and (ii) the date of the first public announcement of any such sale, lease, exchange or other transfer which is subsequently completed.

(e) "Good Reason" means:

(i) without the Executive's express written con sent and excluding for this purpose an isolated, insub stantial and inadvertent action not taken in bad faith and which is remedied by the Company or its affiliates promptly after receipt of notice thereof given by the Executive, (A) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(i) hereof, or (B) any other action or inaction by the Company or its affiliates which results in a diminution in such position, authority, duties or responsibilities;

(ii) without the Executive's express written consent, the Company's requiring the Executive's work location to be other than as set forth in Section 3(i);

(iii) any failure by the Company to comply with and satisfy Section 10(a); or

(iv) any breach by the Company of any other material provision of this Agreement.

(f) "Incapacity" means any physical or mental illness or disability of the Executive which continues for a

period of six consecutive months or more and which at any time after such six-month period the Board shall reasonably determine renders the Executive incapable of performing his or her duties during the remainder of the Employment Period.

SECTION 2. Term of Employment Period. This Agreement shall commence on the date hereof and shall continue in effect for so long as the Executive shall be employed by the Company or any of its affiliates(the "Employment Period"). In the event a Change in Control (as defined in the Executive Agreement dated as of April 23, 1997, between the Company and the Executive, as the same may from time to time be amended) shall occur during the Employment Period, this Agreement shall be unaffected thereby, it being the intention of the parties hereto that their rights and obligations shall be governed by the terms of both such agreements such that, in the event of a conflict in terms, the benefits most favorable to the Executive shall apply; provided that there shall be no duplication of benefits as a result of the operation of both agreements.

SECTION 3. Terms of Employment. Position and Duties. (i) During the Employment Period: (A) the Executive's position (including status (for example, base salary and target bonus), offices, titles, reporting requirements, authority, duties and responsibilities) shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned immediately prior to any change thereof, and (B) the Executive's services shall be performed at the location at which the Executive was based on the date hereof and the Company shall not require the Executive to travel on Company business to a substantially greater extent than required immediately before the date hereof, except for travel and temporary assignments which are reasonably required for the full discharge of the Executive's responsibilities and which are consistent with the Executive's being so based.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reason able best efforts to perform faithfully and efficiently such responsibilities. All such services as an employee or officer will be subject to the direction and control of the Chief Executive Officer of the Company or of an appropriate senior official designated by such Chief Executive Officer.

SECTION 4. Obligations of the Company Upon Termination of Employment. (a) Termination for Good Reason or for Reasons Other Than for Cause, Death or Incapacity. If the Company shall terminate the Executive's employment other than for Cause or Incapacity or the Executive shall terminate his or her employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash (or in stock if provided by a relevant plan), by the later of (I) 30 days after the Date of Termination and (II) 10 business days after execution (without subsequent revocation) by the Executive of the Release required by Section 8(b) of this Agreement, as defined herebelow, the aggregate of the following amounts:

(A) the sum of (1) the Executive's currently effective annual base salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) a bonus ("Annual Bonus") not less than the aggregate amount of the Executive's highest bonus award under the Key Employees Incentive Plan or any substitute or successor plan for the last three calendar years preceding the Date of Termination and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365, (3) any compensation previously deferred by the Executive and any amounts matched by the Company, whether vested or unvested (together with any accrued interest or earnings thereon and all amounts attributable thereto, (4) an amount equal to the value of those unvested benefits payable in stock or cash which unvested benefits cannot be the subject of accelerated vesting by reason of the terms of the relevant plans) and (5) any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1) through (5) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) the Executive's annual base salary and (y) his or her Annual Bonus; provided, however that the multiplier in clause (i)(B)(1) of this Section 4(a) shall be "three" if any such termination of the Executive by the Company for other than Cause or Incapacity or the Executive for Good Reason were to occur subsequent to a Disposition Date;

(ii) in addition to the retirement benefits to which the Executive is entitled under the Company's Pension-Retirement Plan and Pension Equalization Plan or any successor plans thereto (collectively, the "Pension Plans"), the Company shall pay the Executive the excess of (x) the retirement pension which the Executive would have accrued under the terms of the Pension Plans (without regard to any amendment to the Pension Plans made subsequent to the date hereof, which amendment adversely affects in any manner the computation of retirement benefits thereunder), determined as if the Executive were fully vested thereunder and had accumulated (after the Date of Termination) twenty-four additional months (or thirty-six if such Date of Termination occurs on or after a Disposition Date) of Benefit Accrual Service credit (as such term is defined in the Pension Plans) thereunder and treating the amounts paid under clause (i)(B) of this Section 4(a) as compensation paid during a twenty-four (or thirty-six, as the case may be) month period for purposes of calculating Average Salary and benefits under the Pension Plans, over (y) the retirement pension which the Executive had then accrued pursuant to the provisions of the Pension Plans;

(iii) for two years after the Executive's Date of Termination (or three years if such Date of Termination occurs on or after a Disposition Date), or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with benefit plans, programs, practices and policies, including, without limitation, medical, disability, group life, accidental death and travel accident insurance plans and programs, if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical benefits under another employer-provided plan, the medical benefits shall be secondary to those provided under such other plan during such applicable period of eligibility and further provided, however, that the rights of the Executive and/or the Executive's family under Section 4980B(f) of the Code shall commence at the end of such two-year (or three-year, as the case may be) period;

(iv) the Company shall, at its sole expense as incurred, provide the Executive with reasonable out-

placement services for a period of up to two years from the Date of Termination, the provider of which shall be selected by the Executive in his or her sole discretion;

(v) the Company shall cause to be accelerated and immediately vested and exercisable all unexercised stock options granted before the Date of Termination, whether or not such options are exercisable on the Date of Termination, including, without limitation, the equity retention options granted in 1993, regardless of whether the retention or non-sale conditions thereto have been satisfied;

((vi) the Company, if requested within three years of the Date of Termination, shall arrange for the purchase of the principal residence of the Executive and the provision of relocation benefits to the Executive substantially equal to all those provided under the Company's Senior Executive Relocation Program dated April, 1996 under the captions "Selling Your Current Home," "Moving Your Family and Household," and "Tax Allowance";

(vii) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other vested amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliates, including earned but unpaid stock and similar compensation (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Death or Incapacity. If the Executive's employment is terminated by reason of the Executive's death or Incapacity during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for (i) timely payment of Accrued Obligations and (ii) provision by the Company of death benefits or disability benefits for termination due to death or Incapacity, respectively, as in effect at the date hereof or, if more favorable to the Executive, at the Executive's Date of Termination.

(c) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligation of the Company to the Executive other than timely payment to the Executive of (x) the Executive's currently effective annual base salary through the Date of

Termination, (y) the amount of any compensation previously deferred by the Executive and any and all amounts matched by the Company or any of its affiliates, including, without limitation, all proceeds thereof and all amounts attributable thereto, and (z) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for the timely payment of Accrued Obligations and Other Benefits.

SECTION 5.

(a) Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliates and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

(b) Additional Compensation. Nothing in this Agreement shall prevent or limit the Company's ability to augment the benefits payable pursuant to this Agreement in the event that in the judgment of the Chairman of the Company or the Board of Directors it is deemed appropriate to provide additional compensation and/or benefits to the Executive as a result of facts and circumstances deemed relevant by the Chairman or the Board of Directors.

SECTION 6. No Mitigation. The Company agrees that, if the Executive's employment is terminated during the term of this Agreement for any reason, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive hereunder. Further, except as provided in Section 4(iii) hereof, the amount of any payment or benefit provided hereunder shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

SECTION 7. Confidential Information. The Executive will not, during the Employment Period or for a

period of three years following a Termination of Employment, disclose or reveal to any person, firm or corporation (other than to employees of the Company and its agents and then only as required on a need-to-know basis in the performance of such employee's or agent's duties) or use (except as required in the performance of his duties hereunder) any trade secrets (such as, without limitation, processes, formulae, programs or data) or other confidential information relating to the business, techniques, products, operations, customers, know-how and affairs of the Company or any of its affiliates. All business records, notes, magnetic or electronic media, papers and documents (including, without limitation, customer lists, estimates, market surveys, computer programs and correspondence) kept or made by the Executive relating to the business or products of the Company or any of its affiliates shall be and remain the property of the Company or the affiliate and shall be promptly delivered to the Company upon termination of the Employment Period.

SECTION 8. Full Settlement and Form of Release.

(a) 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 the Executive might otherwise be entitled to assert against the Company by reason of the termination of the Executive's employment for any reason during the Employment Period. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof.

(b) It is expressly agreed by the parties that the benefits provided for under this Agreement are substantial, and would not be provided without a prior release (without subsequent revocation) by the Executive of other claims against the Company and its affiliates. To record that release, upon any termination of employment pursuant to Section 4(a) of this Agreement, the Executive and the Company agree to deliver to each other a written release in the form attached to this Agreement as Exhibit A (the "Release").

SECTION 9. Certain Additional Payments by the Company. Anything in this Agreement to the contrary notwithstanding, in the event that it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable) pursuant to the terms of this Agreement or otherwise (collectively, the "Payments") but determined without regard to any additional payments required under this Section 9, would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, the Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount equal to (i) the amount of the excise tax imposed on the Executive in respect of the Payments (the "Excise Tax") plus (ii) all federal, state and local income, employment and excise taxes (including any interest or penalties imposed with respect to such taxes) imposed on the Executive in respect of the Gross-Up Payment, such that after payments of all such taxes (including any applicable interest or penalties) on the Gross-Up Payment, the Executive retains a portion of the Gross-Up Payment equal to the Excise Tax.

SECTION 10. Successors; Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by agreement, in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession will be a breach of this Agreement and entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder had the Company terminated the Executive for reason other than Cause or Incapacity on the succession date. As used in this Agreement, "the Company" means the Company as defined in the preamble to this Agreement and any successor to its business or assets which executes and delivers the agreement provided for in this Section 10 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law or otherwise.

(b) This Agreement shall be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

SECTION 11. Non-assignability. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in Section 10 hereof. Without limiting the foregoing, the Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than a transfer by his or her will or by the laws of descent or distribution, and, in the event of any attempted assignment or transfer by the Executive contrary to this Section, the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

SECTION 12. Notices. For the purpose of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States regis tered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

If to the Company:

The Pittston Company
1000 Virginia Center Parkway
P.O. Box 4229
Glen Allen, VA 23058-4229
Attention of Corporate
Secretary

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

SECTION 13. Operation of Agreement; Survival of Obligations. This Agreement shall be effective immediately upon its execution and continue to be effective so long as the Executive is employed by the Company or any of its affiliates; provided, however, that the parties' respective obligations hereunder shall survive the termination of the Executive's employment for any reason.

SECTION 14. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Virginia without reference to principles of conflict of laws.

SECTION 15. Miscellaneous. (a) This Agreement contains the entire understanding with the Executive with

respect to the subject matter hereof and supersedes any and all prior agreements or understandings, written or oral, relating to such subject matter. No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in writing signed by the Executive and the Company.

(b) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(c) Except as provided herein, this Agreement shall not be construed to affect in any way any rights or obligations in relation to the Executive's employment by the Company or any of its affiliates prior to the date hereof or subsequent to the end of the Employment Period. It is expressly understood that subject to the terms of the Executive Agreement referred to in Section 2 hereof, the Executive remains an employee at the will of the Company.

(d) This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same Agreement.

(e) The Company may withhold from any benefits payable under this Agreement all Federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

(f) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year first above set forth.

THE PITTSTON COMPANY,

by__________________________
Joseph C. Farrell
Chairman of the Board,
President and Chief
Executive Officer

(the Executive)

EXHIBIT A

MUTUAL RELEASE dated as of _____________, between _______________, residing in the Commonwealth of Virginia (the "Executive") and THE PITTSTON COMPANY, a Virginia corporation (the "Company").

For and in consideration of the promises set forth in the Severance Agreement dated as of ________, 1997, between the Executive and the Company (the "Agreement"), the Company hereby releases and forever discharges the Executive from any claims, acts, damages, demands, benefits, accounts, liabilities, obligations, liens, costs, rights of action, claims for relief, and causes of action, in law and in equity, both known and unknown, which the Company ever had, now has, or might in the future have against the Executive, except such as may arise from any malfeasance on the part of the Executive.

Subject to the provisions of the penultimate paragraph of this Mutual Release, for good and valuable consideration, receipt of which is hereby acknowledged, the Executive hereby releases and forever discharges the Company and its affiliates, absolutely and forever, of and from any and all claims, acts, damages, demands, benefits, accounts, liabilities, obligations, liens, costs, rights of action, claims for relief and causes of action of every nature and kind whatsoever, in law and in equity, both known and unknown, which the Executive ever had, now has or might in the future have against the Company and/or its affiliates, including, but not limited to any and all claims, acts, damages, demands, benefits, accounts, liabilities, obligations, liens, costs, rights of actions, claims for relief and causes of action in any way connected with, related to and/or resulting from the Executive's employment with the Company and its affiliates, the termination of such employment, possible rights or claims arising under the Age Discrimination in Employment Act of 1967, and the compensation, calculation, determination and payment under any and all stock and benefit plans and termination agreements operative between the Executive and the Company, including but not limited to claims for bonus or other incentive compensation, salary, severance, "fringe" benefits, vacation, stock benefits, retirement benefits, worker's compensation benefits, and unemployment benefits. In addition, the Executive agrees not to support or participate in the commencement of any suit or proceeding of any kind against the Company and its affiliates or against their directors, officers, agents or employees with respect to any act, event or occurrence or any alleged failure to

act, occurring up to and including the date of the execution of this Mutual Release.

As used herein, the Executive refers to and includes [name of Executive] and his heirs, executors, administrators, representatives, legatees, devisees, agents, family predecessors, attorneys, and the successors and assigns of each of them. As used herein, references to the Company and to the Company and its affiliates refer to and include The Pittston Company, a Virginia corporation, and all past and present subsidiaries, divisions, parent companies, affiliated and/or commonly controlled corporations, companies, and enterprises, ventures, and projects, and all past and present officers, directors, trustees, employees, representatives, agents and attorneys thereof, and the successors and assigns of each of them.

The Company and the Executive hereby warrant and represent to each other that there has been no assignment, conveyance, encumbrance, hypothecation, pledge or other transfer of any interest in any matter covered by this Mutual Release, and hereby agree to indemnify, defend, and hold each other harmless of and from any and all claims, liabilities, damages, costs, expenses, and attorneys' fees incurred as a result of anyone asserting any such assignment, conveyance, encumbrance, hypothecation, pledge or transfer.

There is expressly reserved from the effect of this Mutual Release any claim which the Executive may now or hereafter have regarding (a) the Severance Agreement to which this Mutual Release was an Exhibit and the benefits provided for thereunder including, without limitation, those benefits contemplated by Section 5 of such Agreement and (b) the provisions of Article VIII of the Restated Certificate of Incorporation of the Company, as in effect on the date hereof, which indemnification obligation will continue in full force and effect for the Executive's actions prior to the date hereof. Without limiting the generality of the foregoing, also reserved from this Release are the Executive's entitlement to pension, retirement and other benefits under the terms of the Company's Pension-Retirement Plan, Pension Equalization Plan, Savings-Investment Plan, Employee Stock Purchase Plan, Key Employees Deferred Compensation Program and 1988 Stock Option Plan, as amended. In addition, there is reserved from this Release the Executive's entitlement to such medical and life insurance coverage as may be provided from time to time under employee benefit plans available to retired employees of the Company.

The Executive acknowledges that he has had at least twenty-one (21) days to consider the meaning of this Mutual Release and that he should seek advice from an

attorney. Furthermore, once the Executive has signed this Mutual Release, he may revoke this Mutual Release during the period of seven (7) business days immediately following his signing hereof (the "Revocation Period"). This Mutual Release will not be effective or enforceable until the Revocation Period has expired without revocation by the Executive. Any revocation within this period must be submitted in writing to the Company and signed by the Executive.

The Executive agrees that he has entered into this Mutual Release after having had the opportunity to consult the advisor of his choice, including an attorney, with such consultation as he deemed appropriate and has a full understanding of his rights and of the effect of executing this Mutual Release, namely, that he waives any and all non-excluded claims or causes of action against the Company regarding his employment or termination of employment, including the waiver of claims set forth above. The Executive further acknowledges that his execution of this Mutual Release is made voluntarily and with full understanding of its consequences and has not been coerced in any way. This Mutual Release may not be changed orally. Capitalized terms not defined herein shall be as defined in the Agreement.

THE PITTSTON COMPANY

By:____________________________

(the Executive)

COMMONWEALTH OF VIRGINIA,)
) ss.:

COUNTY OF HENRICO,)

On this ____ day of _____________, 19__ before me personally came ______________, to me known and known to me to be the individual described in and who executed the foregoing Mutual Release, and duly acknowledged to me that he executed the same.

Notary Public

COMMONWEALTH OF VIRGINIA,)
) ss.:

COUNTY OF HENRICO,)

On this _____________ day of ____, 19__ before me personally came ______________, to me known and known to me to be the officer who executed the foregoing Mutual Release on behalf of THE PITTSTON COMPANY, and he duly acknowledged to me that he executed the same.

Notary Public

Exhibit 10(v)

March 11, 1998

Mr. Joseph C. Farrell
117-1/2 South 2 Street
Fernandina Beach, FL 32034

Retirement Agreement

Dear Mr. Farrell:

This letter is intended to set forth the terms and conditions of your retirement as Chairman and Chief Executive Officer of The Pittston Company (the "Company"). Accordingly, the Company hereby agrees with you as follows:

1. Resignation. This will confirm your resignation, effective February 6, 1998, as Chairman of the Board, Chief Executive Officer and a director of, and from all other offices and positions (including directorships) you may hold in, the Company and its subsidiaries and affiliates. You agree that you will execute any formal letter of resignation reasonably requested by the Company to further evidence your retirement hereunder.

2. Salary Continuation. You shall remain as a non-executive employee of the Company, and the Company shall continue to pay your salary in regular installments at your current annual level, through February 28, 1998. For the purposes of all benefit plans in which you currently participate, your employment will be deemed to have continued through February 28, 1998, which date will also be deemed to be your retirement date ("Retirement Date").

3. Incentive Compensation Award. You shall receive an award of $550,000 under the Company's Key Employee Incentive Plan in respect of the Company's 1997 calendar year (reduced by the amount which you have previously elected to defer under the Company's Deferred

Compensation Program) to be paid in a lump sum on or before April 1, 1998.

4. Termination Payment. In lieu of any severance and other termination payments and benefits under your Employment Agreement with the Company dated as of May 1, 1993, as amended from time to time (the "Employment Agreement"), and under any other agreement with the Company or its affiliates providing severance or termination payments or benefits, you shall receive $3,575,731.84 (the "Termination Payment") in a lump sum to be paid on or before April 1, 1998. The method by which the Termination Payment has been calculated is attached hereto as Exhibit A.

5. Unexercised Stock Options. All unexercised stock options issued to you under the Company's stock option plan ("Option Plan") and presently outstanding are identified on Exhibit B to this Agreement. Those options shall continue to become vested and remain exercisable until the third anniversary of your Retirement Date in accordance with the terms of the Option Plan and the option agreements evidencing your outstanding grants, and the Company agrees that it shall take no action otherwise reserved to it to prevent such options from becoming so vested and exercisable provided the terms of this Retirement Agreement are not breached by you.

6. Retirement Benefits. a. Pension. Your retirement benefits under the Company's Pension-Retirement Plan and Pension Equalization Plan will commence effective March 1, 1998, and will be based upon the Plans' present pension formulae. Nothing in this Agreement is intended to affect your right to receive a lump-sum payment of your benefits under such Plans to the extent a lump-sum payment option would otherwise be available. In addition, payments to you under the Supplemental Retirement Benefit provided by Section 3(c) of your Employment Agreement will also commence on March 1, 1998. All such benefits have been calculated taking into account the incentive compensation award referred to in Section 3 hereof, and have been calculated by projecting your salary on February 6, 1998 and bonus of $550,000 to age 65 in the determination of Average Salary under the pension plans; the total of such benefits on a single life annuity basis commencing March 1, 1998 shall be $47,666.67 per month during your lifetime.

b. Health Benefits. You and your eligible family members shall be entitled to participate in the

Retiree Health Care Program of the Company on the same basis presently made available to other eligible retirees of the Company subject to the Company's right to modify such program from time to time, but subject to the protections and rights provided to you under the last "provided, further" clause of Section 3(d) and under the sentence of Section 4(d) beginning with the clause "Anything in this Agreement or the Medical Plan to the contrary notwithstanding..." of the Employment Agreement, both provisions of which are hereby incorporated herein by reference. You will be responsible for the normal retiree contribution to the cost of maintaining your participation in those plans.

c. Deferred Compensation Program. A statement of the current value of your deferred compensation balances is attached hereto as Exhibit D. Since you will retire under the Company's Pension-Retirement Plan and, effective March 1, 1998, will be in payment status thereunder you shall be entitled to receive the full value of your account balance (including Company matching contributions) in accordance with the terms of the Key Employees' Deferred Compensation Program of the Company.

7. Additional Benefits. In consideration of your many years of service to the Company and your continued cooperation and further services in assuring an orderly transition of management responsibilities, the Company further agrees:

(a) The Company will provide group medical benefits to your former wife for her lifetime under the Retiree Health Care Program of the Company, subject to normal retiree contributions to the cost of maintaining her participation in such plan, on the same basis presently made available to other eligible retirees of the Company (or their spouses) subject to the Company's right to modify such program from time to time.

(b) You may retain for your personal use the personal computer you currently have at your home.

(c) To provide, or reimburse you for the cost of, reasonable office space in the metropolitan Richmond area, and administrative assistance consistent with your reasonable needs, for the period March 1, 1998 to the earlier of (i) February 28, 2001 or (ii) the date on which you become a full time employee of another organization.

(d) To reimburse you for reasonable legal fees, not to exceed $15,000, and reasonable out-of-pocket expenses in connection therewith, for services related to this Retirement Agreement and other ancillary matters.

(e) To pay or reimburse you for, your monthly dues at the Country Club of Virginia and the Commonwealth Club until the earlier of (i) February 28, 2001 or (ii) the date on which you become a full time employee of another organization.

(f) To pay or reimburse you for up to ten hours of executive jet service, similar to the Company's present jet aircraft, until February 28, 2001, less the first-class passenger fares on major commercial air carriers for comparable travel.

(g) To reimburse you, until February 28, 2001, for not more than two trips per year from Richmond to New York City and return, plus one night's hotel and related expenses per trip, in connection with your required continuing medical consultation and check-ups of a nature consistent with those you were incurring semi-annually immediately prior to your retirement.

(h) You will continue to be eligible to participate in the Company's charitable matching program, if any, until your death on the same basis as an eligible employee provided that the Company's matching contribution will not exceed $5,000 per calendar year.

(i) The Company agrees to pay you $125,000 per year payable in equal monthly installments for the period commencing on March 1, 1998, and ending on the earlier of (i) February 28, 2002 or (ii) the date on which you no longer have an option under The Pittston Company 1988 Stock Option Plan to buy (in the aggregate) at least 50,000 shares of any class (or one or more classes) of common stock of the Company. In the event of any split or combination of any class of common stock of the Company, the 50,000 shares shall be adjusted appropriately as determined by the Company.

(j) You will provide consulting services for the period commencing on March 1, 1998, and ending on the earlier of (i) February 28, 2002 or (ii) the date on which you no longer have an option under The Pittston Company 1988

Stock Option Plan to buy (in the aggregate) at least 50,000 shares of any class (or one or more classes) of common stock of the Company. In the event of any split or combination of any class of common stock of the Company, the 50,000 shares shall be adjusted appropriately as determined by the Company. It is anticipated that you will not be requested to provide consulting services for more than 8 hours per calendar year and, in the event you do perform consulting services pursuant to the prior written request of the chief executive officer of the Company for more than such specified number of hours, you will be paid $3,000/day for any part of any extra day.

8. Confidentiality. You shall not use for your own or any other person's benefit, or disclose, divulge or communicate to any other person, any trade or business secret or other information disclosed to or known by you as a consequence of or through your employment with the Company (including information conceived, originated or developed by you), which is of a confidential or proprietary nature and not generally known to the public, about the Company's business, prospects, patents or other intellectual property, personnel, shareholders, operations, processes, budgets, plans and development programs (collectively the "Confidential Information") without the prior written consent of the Company, except (a) in connection with (i) the implementation or enforcement of this Agreement, (ii) any claim for indemnification as a director, officer, employee or agent of the Company or (iii) your defense of any civil or criminal action or proceeding, or (b) as appropriate for the performance of your obligations under this Agreement, or (c) if such use or disclosure is required by law. Such Confidential Information includes, but is not limited to, (a) business methods and information of the Company, including prices charged, discounts given to customers or obtained from suppliers, transport rates, marketing and advertising programs, costings, budgets, turnover, sales targets or other unpublished financial information; and (b) lists and particulars of the Company's suppliers, customers and potential customers and the individual contacts or negotiations with such suppliers and customers; and (c) manufacturing or production processes and know-how developed or employed by the Company or its suppliers; and (d) details as to the design or specifications of the Company's or their suppliers' products and inventions or developments relating to future products. You will, upon termination of your employment, return all documents or other carriers of information in your

possession, custody or control which contain records of such information and all property in your possession, custody or control belonging to the Company or its customers or suppliers or relating to the Company's business and business relationships. This restriction shall apply without limit in point of time but shall cease to apply to information or knowledge which shall come (otherwise than by breach of this clause) into the public domain or which is generally disclosed to third parties by the Company without restriction on such third parties or which is disclosed to you by a third party not in breach of any obligation of confidentiality to the Company. For purposes solely of this Section 8, the term "Company" shall be deemed to include the Company's subsidiaries and affiliates.

9. Release by You. In consideration of the fulfillment of the payments and benefits described above, you release, remise and forever discharge the Company from and against any and all claims, cross-claims, third-party claims, counterclaims, contribution claims, debts, demands, actions, promises, judgments, trespasses, extents, executions, causes of action, suits, accounts, covenants, sums of money, dues, reckonings, bonds, bills, liens, attachments, trustee process, specialties, contracts, controversies, agreements, promises, damages, and all other claims of every kind and nature in law, equity, arbitration, or other forum which you now have or ever had up to and including the date hereof, whether absolute or contingent, direct or indirect, known or unknown. Additionally, you hereby waive and release the Company from any and all claims which you have, your successors or assigns have or may have against the Company for, upon or by reason of any matter, cause or thing whatsoever, including, but not limited to (a) those that might arise in your capacity as a shareholder of the Company (both individually and derivatively), or (b) in any way related to your employment or termination of your employment by the Company, whether or not you know them to exist at the present time, including, but not limited to, rights under federal, state or local laws prohibiting age or other forms of discrimination, including Title VII of the Civil Rights Act of 1964, as amended; Section 1981 through 1988 of Title 42 of the United States Code; the Age Discrimination in Employment Act of 1967, as amended; the Employee Retirement Income Security Act of 1974, as amended; the Fair Labor Standards Act, the Americans with Disabilities Act, as amended; the Family and Medical Leave Act; the National Labor Relations Act, as amended; the Immigration Reform Control Act, as amended; the Occupational

Safety and Health Act, as amended; any public policy, contract or common law; and any alleged entitlement to costs, fees or expenses, including attorneys' fees, claims for compensation or benefits earned by your past service, claims involving willful misconduct, and claims arising after the date of this Agreement. Notwithstanding the foregoing, nothing herein shall be deemed to release, remise or discharge the Company from any claims arising out of, relating to or asserted (x) under this Agreement, (y) with respect to any right of indemnification as a director, officer or employee of the Company, whether arising under the Company's charter or by-laws, by operation of law, or otherwise or (z) with respect to your capacity as a shareholder of the Company as described in (a) above, to the extent your claim is brought as a member (but not as a class representative) of a class in a class action suit in which you take no active part and is based solely upon actions (or alleged actions) of the Company, its employees or directors occurring after February 6, 1998. For purposes solely of this Section 9, the term "Company" shall be deemed to include the Company's subsidiaries and affiliates and the respective legal representatives, successors and assigns, past, present and future directors, officers, employees, trustees and shareholders of the Company and the Company's subsidiaries and affiliates.

10. Non-Competition. You are released from all obligations included in the covenant not to compete set forth in Section 5 of the Employment Agreement; provided, however, that you shall in all respects remain subject to the restrictions of Section 8 of this Agreement.

11. Non-Solicitation. Except with the prior written consent of the Company, you shall not, during the period covered by the covenant not to compete referenced in Section 5 of the Employment Agreement, solicit or entice away or endeavor to employ, solicit or entice away any person who is at the date of this Agreement or was at any time during the period of twelve (12) months prior to the date of this Agreement an employee of the Company or any of its subsidiaries or affiliates.

12. Designs and Inventions. All designs, inventions, programs, discoveries or improvements conceived, apprehended or learned by you during the course of or arising out of your employment with the Company and which concern or are applicable to products or articles

manufactured or sold by or to services provided by the Company shall be the exclusive property of the Company.

13. Revocation. You acknowledge that you have been offered at least twenty-one (21) days to consider the meaning of this Agreement, that you have sought the advice of an attorney and that you have voluntarily elected to sign this Agreement prior to the expiration of such twenty-one (21)-day period. Furthermore, once you have signed this Agreement, you may revoke this Agreement during the period of seven (7) business days immediately following the signing (the "Revocation Period"). This Agreement will not be effective or enforceable until the Revocation Period has expired without any revocation from you. Any revocation within this period must be submitted in writing to the Company and signed by you.

14. Attorney Consultation. You agree that you have entered into this Agreement after having had the opportunity to consult with the advisors of your choice, including an attorney, with such consultation as deemed appropriate and have a full understanding of your rights and of the effect of executing this Agreement, namely, that you waive any and all non-excluded claims or causes of action against the Company regarding your employment or termination of employment, including the waiver of claims set forth above. You further acknowledge that your execution of the Agreement is made voluntarily and with full understanding of its consequences and has not been coerced in any way.

15. Withholding. All amounts and benefits to be paid or provided hereunder shall be reduced by all applicable taxes required by law to be withheld by the Company, including, without limitation, all hospital insurance taxes relating to compensation and benefits provided after 1995 with respect to which withholding is or was required and which has not heretofore been so withheld.

16. Full Integration. This Agreement constitutes the entire understanding between you and the Company with respect to the subject matter hereof. There are no representations, understandings or agreements of any nature or kind whatsoever, oral or written, regarding the subject matter hereof which is not included herein. This Agreement supersedes the Employment Agreement between you and the Company which, except as provided in Section 9 or as otherwise specifically provided herein, shall be null and void upon the execution of this Agreement.

17. Publicity. Except as may be required by applicable law, you and the Company each covenant that you and the Company (and in the case of the Company, the Company's officers, directors and controlled affiliates), respectively, shall not make statements to third parties, the public, the press or the media concerning the subject matter of this Agreement or that would portray the other party in an adverse light, or cause injury to the other party's business and/or professional reputation. Any statements that you or the Company makes to third parties, the public, the press or the media shall be of a non-hostile manner and of a neutral tone.

18. Modification and Waiver. No supplement, modification, change or waiver of this Agreement or any provision hereof shall be binding unless executed in writing by you and the Company evidencing the parties' respective intent to be bound thereby. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

19. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

20. Virginia Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Virginia, without regard to its principles of conflicts of laws. Any litigation arising out of this Agreement shall be conducted in a forum located within the Commonwealth of Virginia.

21. Notice. For the purposes of this Agreement, notices and all other communications provided in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to You:

Joseph C. Farrell
117-1/2 South 2 Street
Fernandina Beach, FL 32034

If to the Company: The Pittston Company
1000 Virginia Center Parkway
Glen Allen, Virginia 23058-4229
Attention: Vice President-Human Resources and Administration

or to such other address as any of the parties hereto may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

22. Validity. Any provision of this Agreement which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

23. Captions. The section captions herein are for convenience or reference only, do not constitute part of the Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof.

24. Further Assurances. Each of the parties hereto shall execute such documents and other papers and take such further actions as may be reasonably required to carry out the provisions hereof and the transactions contemplated hereby.

25. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal personally or through

their duly authorized representative on the dates written by each of their signatures.

THE PITTSTON COMPANY,

by
/s/ Frank T. Lennon

Frank T. Lennon,
Vice President-Human Resources
and Administration

/s/ Joseph C. Farrell

JOSEPH C. FARRELL

Exhibit 21

SUBSIDIARIES OF THE PITTSTON COMPANY
(PERCENTAGE OF VOTING SECURITIES 100% UNLESS OTHERWISE NOTED)

Company	Jurisdiction of Incorporation
The Pittston Company [Delaware]	Delaware
Glen Allen Development, Inc.	Delaware
Pittston Services Group, Inc.	Virginia
Brink's Holding Company	Virginia
Brink's Home Security, Inc.	Delaware
Brink's Guarding Services, Inc.	Delaware
Brink's Home Security Canada Limited	Canada
Brink's, Incorporated	Delaware
Brellis Partners, L.P. (50% Partnership)	Virginia
Brink's Antigua Limited (47%)	Antigua
Brink's Express Company	Illinois
Brink's (Liberia) Inc.	Liberia
Brink's Redevelopment Corporation	Missouri
Brink's St. Lucia Limited (26%)	B.W. Indies
Brink's Security International, Inc.	Delaware
Brink's Brokerage Company	Delaware
Brink's Asia Pacific Pty Ltd.	Australia
Brink's Allied Limited (50%)	Ireland
Allied Couriers Limited	Ireland
Brinks Ireland Limited	Ireland
Brink's Argentina S.A.(51%)	Argentina
Brink's Ayra India Private Limited (40%)	India
Brink's Australia Pty. Limited	Australia
Brink's Bolivia S.A. (93.76% & BI .27%)	Bolivia
Brink's Canada Limited	Canada
Brink's Security Company Limited	Canada
Brink's SFB Solutions, Ltd.	Canada
Brink's C.I.S., Inc.	Delaware
Brink's de Colombia S.A. (50.5%)	Colombia
Domesa de Colombia, S.A. (77%, C. Brinks 18%)	Colombia
Brink's Diamond and Jewelry Services, Inc.	Delaware
Brink's Diamond & Jewellery Services (International) (1993) Ltd. (99.9% BI .1%)	Israel
Brink's Diamond & Jewelry Services S.R.L.(99.9% BI .1%)	Italy
Brink's Far East Limited (99.9% BI .1%)	Hong Kong
Brink's-Hong Kong Limited (99.9% BI .1%)	Hong Kong
Brink's International Air Courier, Inc.	Delaware
Brink's International Management Group, Inc.	Delaware
Brink's (Israel) Limited (70%)	Israel
Brink's Japan Limited (51%)	Japan
Brink's Nederland B.V.	Netherlands
Brink's Network, Incorporated	Delaware
Brink's Pakistan (Pvt) Limited (49%)	Pakistan
Brink's Panama, S.A. (49%)	Panama
Immobiliaria Brink's Panama, S.A.	Panama
Brink's Puerto Rico, Inc.	Puerto Rico
Brink's S.A.	France
Brink's-Schenker GmbH (50%)	Germany
Brink's Sicherheit	Germany
Security Consulting & Services GmbH	Germany

Company	Jurisdiction of Incorporation
Brink's Singapore Pte. Ltd. (60%)	Singapore
Brink's Securmark S.p.A. (24.5%)	Italy
Brink's (Southern Africa) (Proprietary) Ltd.	South Africa
Brink's Taiwan Limited (94%)	Taiwan
Brink's (Thailand) Limited (40%)	Thailand
Brink's (UK) Limited	U.K.
Brink's Commercial Services Limited (BUK-99%, BSI-1sh)	U.K.
Brink's Diamond & Jewellery Services Limited (BUK-99%, BSI-1sh)	U.K.
Brink's Limited (BUK-99%, BSI-1sh)	U.K.
Brink's (Gibraltar) Limited (99%)	Gibraltar
Brink's Limited (Bahrain) EC	Bahrain
Brink's Security Limited (15% Legal Title Bks-Zieg.) (BL-99%, BUK 1%)	U.K.
Quarrycast Commercial Limited (15% Leg.Ttle Bks-Zieg.) (BL-50%, BUK 1%)	U.K.
Brink's-Ziegler S.A. (50%)	Belgium
Brink's Zurcher Freilager A.G. (51%)	Switzerland
Cavalier Insurance Company, Ltd.	Bermuda
Centro Americana de Inversiones Balboa C.A.(BSI 100%)	Panama
S.A. Brink's Diamond & Jewelry Services, N.V. (99%) (BDJS, Inc. 1%)	Belgium
S.A. Brink's Europe N.V. (99%) (BDJS, Inc.-1%)	Belgium
S.A. Brink's-Ziegler Luxemborg (50%)	Luxemborg
Servicios Brink's S.A. (60.45%)	Chile
Societe Anonyme of Provision of Services in Transportation and Protection of Valuables (50.05%)	Greece
Transpar Participacoes Ltda. (99.9%) [.1% by Bks Inc.]	Brazil
Alarm-Curso de Formacao de Vigilantes, Ltda. (99%)	Brazil
Brinks Seguranca e Transporte de Valores (99%)	Brazil
Brinks Viaturas e Equipamentos Ltda. (99%)	Brazil
Transporte de Valores Brink's Chile S.A. (60.45%)	Chile
Brink's SFB Solutions, Inc.	Delaware
Hermes Transportes Blindados S.A. (BI-4.96%; Balboa 31.038%)	Greece
Security Services (Brink's Jordan) Company Ltd. (45%)	Jordan
Custravalca Brink's, C.A. (61%)	Venezuela
Servicio Pan Americano de Proteccion, S.A. (20%)	Mexico
Canamex (51%)	Mexico
Inmobiliaria, A.J. (99.9%)	Mexico
Productos Pan Americanos de Proteccion (99.9%)	Mexico
Servicio Salvadoreno de Proteccion (14%)	Mexico
VIGYA (99.9%)	Mexico
Pittston Finance Company Inc.	Delaware
BAX Holding Company	Virginia
BAX Finance Inc.	Delaware
BAX Global Inc.	Delaware
BAX Global International Inc.	Delaware
BAX Holdings, Inc. (18.35%)	Philippines
BAX Global (Philippines), Inc. (BHI-48.9%/BAI-50.9%)	Philippines
BAX Global (Malaysia) Sdn. Bhd.	Malaysia
BAX Global Imports (Malaysia) Sdn. Bhd. (40%, Bumpautra-60%)	Malaysia
BAX-Transitarios, Limitada	Portugal
Burlington Air Express Aktiebolag	Sweden
Burlington Air Express AG	Switzerland

Company	Jurisdiction of Incorporation
BAX Global A/S	Denmark
Burlington Air Express (Brazil) Inc.	Delaware
BAX Global (Canada) Ltd.	Canada
797726 Ontario Limited	Canada
Burlington Air Express Chile LLC	Chile
Burlington Air Express do Brazil Ltda.	Brazil
Burlington Air Express (Dubai) Inc.	Delaware
BAX Global (France) SARL	France
BAX Global S.A.	France
Burlington Air Express GmbH	Germany
BAX Global Holding Pty. Limited	Australia
Burlington Air Express (Aust) Pty. Limited	Australia
AFCAB Pty. Limited (11.53%)	Australia
Brisbane Air Freight Forwarders Terminal Pty Ltd. (20%)	Australia
BAX Global Cartage Pty. Limited	Australia
BAX Global Japan K.K.	Japan
Burlington Air Express (Korea) Co. Ltd. (51%)	South Korea
Burlington Air Express Limited	Hong Kong
BAX Global, S.A. de C.V.	Mexico
BAX Global (N.Z.) Ltd.	New Zealand
Colebrook Bros. Ltd.	New Zealand
Walsh and Anderson (1991) Limited	New Zealand
Burlington Air Express S.A. (Spain)	Spain
Burlington Air Express Services Inc.	Delaware
BAX Global S.r.l. [Italy]	Italy
CSC Customs and Management Services S.r.L.	Italy
Burlington Air Express (U.K.) Limited	U.K.
Alltransport Holdings Limited	U.K.
Alltransport International Group Limited	U.K.
Alltransport Warehousing Limited	U.K.
BAX Global (UK) Limited	U.K.
Pittston Administrative Services (U.K.) Limited	U.K.
BAX Global Ocean Services Limited	U.K.
WTC Air Freight (U.K.) Limited	U.K.
BAX Express Limited (Ireland)	Ireland
BAX International Forwarding Ltd. (33%)	Taiwan
Burlington Air Express (Taiwan) Ltd.	Taiwan
Burlington Networks B.V.	Netherlands
Burlington Air Express B.V.	Netherlands
Burlington Air Express N.V./S.A.(Belgium) (97%, BNI-3%)	Belgium
BAX Global Pte Ltd.(Singapore)	Singapore
J. Cleton & Co. Holding B.V.	Netherlands
J. Cleton & Co. B.V.	Netherlands
Logicenter, B.V.	Netherlands
Chip Electronic Services B.V. (50%)	Netherlands
Burlington Networks Inc.	Delaware
Burlington-Transmaso Air Express Lda. (50%)	Portugal
BAX Global (Proprietary) Limited	Australia
Traco Freight (Proprietary) Limited	Australia
Transkip (Proprietary) Limited	Australia
Indian Enterprises Inc.	Delaware
Indian Associates Inc. (40%)	Delaware
Burlington Air Express Private Limited (65%, BAXI-35%)	India
Burlington Air Imports Inc.	Delaware

Company	Jurisdiction of Incorporation
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
Cenestia Energy, Inc.	West Virginia
Pittston Acquisition Company	Virginia
Addington, Inc.	Kentucky
Huff Creek Energy Company	West Virginia
Ironton Coal Company	Ohio
Appalachian Land Company	West Virginia
Appalachian Mining, Inc.	West Virginia
Molloy Mining, Inc.	West Virginia
Wilderness Mining Company, Inc.	West Virginia
Kanawha Development Corporation	West Virginia
Vandalia Resources, Inc.	West Virginia
Ansted Coal Company (Oregon)	Oregon
Vandalia Mining Corporation (WV)	West Virginia
Pittston Coal Management Company	Virginia
Pittston Coal Sales Corp.	Virginia
Pittston Coal Terminal Corporation	Virginia
Pyxis Resources Company	Virginia
HICA Corporation	Kentucky
Heartland Resources Inc.	West Virginia
Holston Mining, Inc.	West 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	West Virginia
Clinchfield Coal Company	Virginia
Dante Coal Company	Virginia
Eastern Coal Corporation	West Virginia
Elkay Mining Company	West Virginia
Jewell Ridge Coal Corporation	Virginia
Kentland-Elkhorn Coal Corporation	Kentucky
Little Buck Coal Company	Virginia
Meadow River Coal Company	Kentucky
Pittston Coal Group, Inc.	Virginia
Ranger Fuel Corporation	West Virginia
Sea "B" Mining Company	Virginia
Pittston Mineral Ventures Company	Delaware
PMV Gold Company	Delaware
Pittston Nevada Gold Company (50%) [50% by MPI Gold (USA) Ltd.]	Delaware

Company	Jurisdiction of Incorporation
MPI Gold (USA) Ltd. (34.1%)	Nevada
Pittston Mineral Ventures International Ltd.	Delaware
Pittston Mineral Ventures of Australia Pty Ltd.	Australia
Carbon Ventures Pty. Limited	Australia
International Carbon (Aust.) Pty. Limited	Australia
Mining Project Investors Pty. Ltd. (34.2%)	Australia
Fodina Minerals Pty. Limited	Australia
MPI Gold Pty. Limited	Australia
Stawell Gold Mines Pty. Limited	Australia
MPI Gold (USA), Inc.	Delaware
Pittston Australasian Mineral Exploration Pty Limited	Australia
Pittston Black Sands of Western Australia Pty Limited	Australia

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 28, 1998, as listed in the accompanying Index to Financial Statements in Item 14(a)1 included in the 1997 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
Stamford, Connecticut

March 27, 1998

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and 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, 1997 (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 19th day of March, 1998.

/s/ Roger G. Ackerman

Roger G. Ackerman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and 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, 1997 (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, 1998.

/s/ James R. Barker

James R. Barker

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and 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, 1997 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of March, 1998.

/s/ James L. Broadhead

James L. Broadhead

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and 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, 1997 (the "Form 10-K"), including specifically, but without limitation, power and authority to sign his name as an officer and/or director of the Company, as the case may be, to the Form 10-K or any amendments thereto; and the undersigned does hereby ratify and confirm all that said attorneys shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of March, 1998.

/s/ William F. Craig

William F. Craig

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and 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, 1997 (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, 1998.

/s/ Charles F. Haywood

Charles F. Haywood

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and 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, 1997 (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, 1998.

/s/ Ronald M. Gross

Ronald M. Gross

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and 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, 1997 (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, 1998.

/s/ David L. Marshall

David L. Marshall

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, 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, 1997 (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, 1998.

/s/ Robert H. Spilman

Robert H. Spilman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, Austin F. Reed and 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, 1997 (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 18th day of March, 1998.

/s/ Adam H. Zimmerman

Adam H. Zimmerman

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Austin F. Reed and 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, 1997 (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 24th day of March, 1998.

/s/ Michael T. Dan

Michael T. Dan

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby constitute and appoint Michael T. Dan, 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 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, 1997 (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 24th day of March, 1998.

/s/ Gary R. Rogliano

Gary R. Rogliano

EXHIBIT 99(b)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE YEAR ENDED DECEMBER 31, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ____________ TO _______________

COMMISSION FILE NUMBER 1-9148

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY
(FULL TITLE OF THE PLAN)

THE PITTSTON COMPANY
(NAME OF THE ISSUER OF SECURITIES HELD PURSUANT TO THE PLAN)

P.O. BOX 4229 1000 VIRGINIA CENTER PKWY. RICHMOND, VIRGINIA	23058-4229
(ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

INDEPENDENT AUDITORS' REPORT

The Participants of the 1994 Employee Stock
Purchase Plan of The Pittston Company:

We have audited the accompanying statements of financial condition of the 1994 Employee Stock Purchase Plan of The Pittston Company (the "Plan") as of December 31, 1997 and 1996, and the related statements of income and changes in plan equity for each of the years in the three-year period ended December 31, 1997. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of the 1994 Employee Stock Purchase Plan as of December 31, 1997 and 1996, and the income and changes in plan equity for each of the years in the three-year period ended December 31, 1997, in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP
Richmond, Virginia

March 17, 1998

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 1997

	Pittston Brink's Group Common Stock	Pittston Burlington Group Common Stock	Pittston Minerals Group Common Stock	Total
ASSETS:				
Common stock, at market value (Note 2)	$3,222,294	1,404,716	475,118	5,102,128
Contributions receivable from The Pittston Company (Note 5)	526,738	275,556	174,146	976,440
Total assets	$3,749,032	1,680,272	649,264	6,078,568
LIABILITIES AND PLAN EQUITY:				
Payable to plan participants	$ 78,639	43,074	10,893	132,606
Plan equity	3,670,393	1,637,198	638,371	5,945,962
Total liabilities and plan equity	$3,749,032	1,680,272	649,264	6,078,568

See accompanying notes to financial statements.

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 1996

	Pittston Brink's Group Common Stock	Pittston Burlington Group Common Stock	Pittston Minerals Group Common Stock	Total
ASSETS:				
Cash	$ 1,951	751	1,942	4,644
Common stock, at market value (Note 2)	2,033,505	886,100	847,378	3,766,983
Contributions receivable from The Pittston Company	472,567	265,760	167,275	905,602
Total assets	$ 2,508,023	1,152,611	1,016,595	4,677,229
LIABILITIES AND PLAN EQUITY:				
Payable to plan participants	$ 160,921	73,500	88,639	323,060
Plan equity	2,347,102	1,079,111	927,956	4,354,169
Total liabilities and plan equity	$ 2,508,023	1,152,611	1,016,595	4,677,229

See accompanying notes to financial statements.

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY

YEAR ENDED DECEMBER 31, 1997

	Pittston Brink's Group Common Stock	Pittston Burlington Group Common Stock	Pittston Minerals Group Common Stock	Total
INCOME:				
Participant contributions	$1,074,916	559,881	349,927	1,984,724
Dividend income	8,715	12,777	42,071	63,563
Unrealized appreciation (depreciation) on common stock (Note 3)	887,903	305,630	(462,445)	731,088
Realized gain (loss) on distributions (Note 4)	798,646	286,224	(60,371)	1,024,499
	2,770,180	1,164,512	(130,818)	3,803,874
WITHDRAWALS:				
Distribution to Plan participants, at market value	1,446,889	606,425	158,767	2,212,081
Increase (decrease) in Plan equity	1,323,291	558,087	(289,585)	1,591,793
Plan equity--beginning of year	2,347,102	1,079,111	927,956	4,354,169
Plan equity--end of year	$3,670,393	1,637,198	638,371	5,945,962

See accompanying notes to financial statements.

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY

YEAR ENDED DECEMBER 31, 1996

	Pittston Services Group Common Stock	Pittston Brink's Group Common Stock	Pittston Burlington Group Common Stock	Pittston Minerals Group Common Stock	Total
INCOME:					
Participant contributions	$ --	954,941	531,992	330,132	1,817,065
Dividend income	--	4,621	8,270	28,221	41,112
Unrealized appreciation on common stock (Note 3)	12,282	449,708	142,412	189,400	793,802
Realized gain on distributions (Note 4)	--	293,950	70,208	59,418	423,576
	12,282	1,703,220	752,882	607,171	3,075,555
WITHDRAWALS AND OTHER:					
Distribution to Plan participants, at market value	--	813,836	287,853	288,212	1,389,901
Effect of Brink's Stock Proposal (Note 1)	2,071,800	(1,457,718)	(614,082)	--	
	2,071,800	(643,882)	(326,229)	288,212	1,389,901
(Decrease) increase in Plan equity	(2,059,518)	2,347,102	1,079,111	318,959	1,685,654
Plan equity--beginning of year	2,059,518	--	--	608,997	2,668,515
Plan equity--end of year	$ --	2,347,102	1,079,111	927,956	4,354,169

See accompanying notes to financial statements.

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

STATEMENT OF INCOME AND CHANGES IN PLAN EQUITY

YEAR ENDED DECEMBER 31, 1995

	Pittston Services Group Common Stock	Pittston Minerals Group Common Stock	Total
INCOME:			
Participant contributions	$1,154,431	374,180	1,528,611
Dividend income	7,887	14,131	22,018
Unrealized appreciation on common stock (Note 3)	501,254	86,717	587,971
Realized gain (loss) on distributions (Note 4)	39,618	(4,641)	34,977
	1,703,190	470,387	2,173,577
WITHDRAWALS:			
Distribution to Plan participants, at market value	233,704	48,882	282,586
Increase in Plan equity	1,469,486	421,505	1,890,991
Plan equity--beginning of year	590,032	187,492	777,524
Plan equity--end of year	$2,059,518	608,997	2,668,515

See accompanying notes to financial statements.

1994 EMPLOYEE STOCK PURCHASE PLAN OF THE PITTSTON COMPANY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997 AND 1996

1. SUMMARY OF PLAN

The 1994 Employee Stock Purchase Plan of The Pittston Company (the "Plan") is an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code of 1986 (the "Code"), as amended, covering all eligible employees of The Pittston Company and its subsidiaries (the "Company"). The Plan years begin on January 1 and end on December 31.

During 1995, the Plan provided that participant contributions be used to buy either Pittston Services Group Common Stock ("Services Stock") or Pittston Minerals Group Common Stock ("Minerals Stock") or both. On January 18, 1996, the shareholders of the Company approved the Brink's Stock Proposal, resulting in the modification, effective as of January 19, 1996, of the capital structure of the Company to include an additional class of common stock. The outstanding shares of Services Stock were redesignated as Brink's Group Common Stock ("Brink's Stock") on a share-for-share basis, and a new class of common stock, designated as Burlington Group Common Stock ("Burlington Stock"), was distributed on the basis of one-half share of Burlington Stock for each share of Services Stock held by shareholders of record on January 19, 1996. Accordingly, on the effective date, 48,702 shares of Services Stock held by the Plan were converted to 48,702 shares of Brink's Stock and 24,351 shares of Burlington Stock and a fair value for these shares of $1,457,718 and $614,082, respectively, was allocated from Services Stock to Brink's Stock and Burlington Stock.

Upon approval of the Brink's Stock Proposal, the Plan was amended to provide that participant contributions can be used to purchase Brink's Stock, Burlington Stock, Minerals Stock, or a combination, as elected by the participant. For each of the Plan years, the purchase price for each share of common stock to be purchased under the Plan is the lesser of 85% of the Fair Market Value (as defined) of such share on either (a) the first date of each six-month period commencing on each July 1 or January 1 (the "Offering Date") or (b) the last day of each six-month period from an Offering Date (the "Purchase Date"). The Fair Market Value with respect to shares of any class of common stock is generally defined as the average of the high and low quoted sales price of a share of such stock on the applicable date as reported on the New York Stock Exchange Composite Transaction Tape.

The maximum number of shares of common stock which may be issued or allocated pursuant to the Plan is 750,000 shares of Brink's Stock, 375,000 shares of Burlington Stock and 250,000 shares of Minerals Stock.

ELIGIBILITY

Generally, any employee of The Pittston Company or a designated subsidiary (a "Subsidiary") (a) whose date of hire was at least six months prior to the commencement of the six-month period from an Offering Date to and including the next following Purchase Date (the "Offering Period") and (b) who is customarily employed for at least 20 hours per week and at least five months in a calendar year is eligible to participate in the Plan; provided, however, that in the case of an employee who is covered by a collective bargaining agreement, he or she shall not be considered an eligible employee unless and until the labor organization representing such individual has

accepted the Plan on behalf of the employees in the collective bargaining unit. Any such employee shall continue to be an eligible employee during an approved leave of absence provided such employee's right to continue employment with The Pittston Company or a Subsidiary upon expiration of such employee's leave of absence is guaranteed either by statute or by contract with or a policy of The Pittston Company or a Subsidiary.

CONTRIBUTIONS

Participants can elect to contribute any whole percentage from 1% up to and including 10% of their annual base rate of pay, including commissions, but generally excluding overtime or premium pay. A participant may reduce (but not increase) the rate of payroll withholding during an Offering Period at any time prior to the end of such Offering Period for which such reduction is to be effective. Not more than one reduction may be made in any Offering Period unless otherwise determined by nondiscriminatory rules. Each participant designates a percentage in multiples of 10% of the amounts withheld during an Offering Period that is to be used to purchase Brink's Stock, Burlington Stock or Minerals Stock; provided, however, that 100% of the amount withheld is allocated between the three classes of common stock. In the event a participant elects to reduce the rate of payroll withholding during an Offering Period, such reduction shall be applied ratably to the allocation of his or her withheld amounts among the three classes of common stock. During an Offering Period, a participant may not change the allocation of his or her withholdings for such Offering Period although such allocation may be changed for any subsequent Offering Period. A participant who elects to cease participation in the Plan may not resume participation in the Plan until after the expiration of one full Offering Period (following cessation of participation).

No participant shall have a right to purchase shares of any class of common stock if (a) immediately after electing to purchase such shares, such participant would own common stock possessing 5% or more of the total combined voting power or value of all classes of stock of The Pittston Company or of any Subsidiary, or (b) the rights of such participant to purchase common stock under the Plan would accrue at a rate that exceeds $15,000 of Fair Market Value of such common stock (determined at the time or times such rights are granted) for each calendar year for which such rights are outstanding at any time.

DISTRIBUTION

A participant may elect, as of the first day of any calendar quarter, to have some or all of the full shares of any class of common stock purchased by the Plan on his or her behalf, registered in such individual's name. Shares of common stock purchased on behalf of a participant generally must be held by the Plan or participant for a period of at least six months from the date such shares of common stock are purchased. Shares registered in the name of a participant may not be conveyed, sold, transferred, encumbered or otherwise disposed of until the expiration of this six-month period without the prior written consent of the Company.

Should a participant elect to cease active participation in the Plan with respect to any or all of the three classes of common stock at any time up to the end of an Offering Period, all payroll deductions credited to such participant's plan account and allocated to the purchase of the class of common stock with respect to which the participant is ceasing participation shall be returned to such participant in cash, without interest, as promptly as practicable.

In the event of the termination of a participant's employment for any reason, including retirement or death, or the failure of a participant to remain eligible under the terms of the Plan, all full shares of each class of common stock then held for his or her benefit shall be registered in such individual's name and an amount equal to the Fair Market Value (on the date of registration of full shares of common stock in the name of the participant) of any fractional share then held for the benefit of such participant shall be paid to such individual, in cash, as soon as administratively

practicable, and such individual shall thereupon cease to own the right to any such fractional share. Any amounts credited to such individual, prior to the last day of each six-month Offering Period, shall be refunded, without interest, to such individual or, in the event of his or her death, to his or her legal representative.

TERMINATION

The Plan will remain in effect until June 30, 2002, unless extended pursuant to shareholder approval.

The Board of Directors of The Pittston Company may, at any time and from time to time, amend, modify or terminate the Plan, but no such amendment or modification without the approval of the shareholders shall: (a) increase the maximum number (determined as provided in the Plan) of shares of any class of common stock which may be issued pursuant to the Plan; (b) permit the issuance of any shares of any class of common stock at a purchase price less than that provided in the Plan as approved by the shareholders; (c) extend the term of the Plan; or (d) cause the Plan to fail to meet the requirements of an "employee stock purchase plan" under the Code.

BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting.

INCOME TAXES

The Plan, and the rights of participants to make purchases thereunder, is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. The Plan is not qualified under Section 401(a) of the Code. Pursuant to Section 423 of the Code, no income (other than dividends) will be taxable to a participant until disposition of the shares purchased under the Plan. Upon the disposition of the shares, the participant will generally be subject to tax and the amount and character of the tax will depend upon the holding period. Dividends received on shares held by the Plan on behalf of a participant are taxable to the participant as ordinary income. Therefore, the Plan does not provide for income taxes.

ADMINISTRATIVE COSTS

All administrative costs incurred by the Plan are paid by the Company.

2. INVESTMENTS

At December 31, 1997, investments in the Plan consisted of 80,057 shares of Brink's Stock with a total cost of $1,523,359, 53,513 shares of Burlington stock with a total cost of $804,462 and 63,349 shares of Minerals Stock with a total cost of $661,446.

At December 31, 1996, investments in the Plan consisted of 75,124 shares of Brink's Stock with a total cost of $1,222,473, 43,575 shares of Burlington stock with a total cost of $591,476 and 55,114 shares of Minerals Stock with a total cost of $571,261.

At December 31, 1997 and 1996, the Plan had a total of 1,361 and 1,402 participants, respectively. The cost values of investments under the Plan are calculated using an average cost methodology.

3. UNREALIZED APPRECIATION (DEPRECIATION) ON COMMON STOCK

Changes in unrealized appreciation and depreciation on common stock of the Plan are as follows:

1997

	Pittston Brink's Group Common Stock	Pittston Burlington Group Common Stock	Pittston Minerals Group Common Stock	Total
Unrealized appreciation (depreciation):				
Beginning of year	$ 811,032	294,624	276,117	1,381,773
End of year	1,698,935	600,254	(186,328)	2,112,861
Change in unrealized appreciation (depreciation)	$ 887,903	305,630	(462,445)	731,088

1996

	Pittston Services Group Common Stock	Pittston Brink's Group Common Stock	Pittston Burlington Group Common Stock	Pittston Minerals Group Common Stock	Total
Unrealized appreciation:					
Beginning of year	$ 501,254	--	--	86,717	587,971
Effect of Brink's Stock Proposal	(513,536)	361,324	152,212	--	--
End of year	--	811,032	294,624	276,117	1,381,773
Change in unrealized appreciation	$ 12,282	449,708	142,412	189,400	793,802

1995

	Pittston Services Group Common Stock	Pittston Minerals Group Common Stock	Total
Unrealized appreciation:			
Beginning of year	--	--	--
End of year	$ 501,254	86,717	587,971
Change in unrealized appreciation	$ 501,254	86,717	587,971

4. REALIZED GAIN (LOSS) ON DISTRIBUTIONS

The realized gain (loss) on distribution of common stock as a result of participant withdrawals is as follows:

1997

	Pittston Brink's Group Common Stock	Pittston Burlington Group Common Stock	Pittston Minerals Group Common Stock	Total
Value of shares distributed:				
Market value	$ 1,526,632	635,403	236,022	2,398,057
Cost basis	727,986	349,179	296,393	1,373,558
Realized gain (loss) on distribution of shares to participants	$ 798,646	286,224	(60,371)	1,024,499

1996

	Pittston Brink's Group Common Stock	Pittston Burlington Group Common Stock	Pittston Minerals Group Common Stock	Total
Value of shares distributed:				
Market value	$ 699,852	214,353	210,631	1,124,836
Cost basis	405,902	144,145	151,213	701,260
Realized gain on distribution of shares to participants	$ 293,950	70,208	59,418	423,576

1995

	Pittston Services Group Common Stock	Pittston Minerals Group Common Stock	Total
Value of shares distributed:			
Market value	$ 186,767	37,824	224,591
Cost basis	147,149	42,465	189,614
Realized gain (loss) on distribution of shares to participants	$ 39,618	(4,641)	34,977

Participant withdrawals for the year ended December 31, 1997 consisted of 39,340 shares of Brink's Stock, 23,684 shares of Burlington Stock and 28,266 shares of Minerals Stock.

Participant withdrawals for the year ended December 31, 1996 consisted of 25,795 shares of Brink's Stock, 11,658 shares of Burlington Stock and 14,967 shares of Minerals Stock.

Participant withdrawals for the year ended December 31, 1995 consisted of 6,840 shares of Services Stock and 3,401 shares of Minerals Stock.

5. SUBSEQUENT EVENT

In January 1998, the Plan purchased from The Pittston Company Employee Benefits

Trust, 20,786 shares of Brink's Stock at $25.341 per share, 12,379 shares of Burlington Stock at $22.26 per share and 28,381 shares of Minerals Stock at $6.136 per share for a total purchase price of $976,440 to satisfy contributions made for the last six months of the Plan year ended December 31, 1997.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

1994 Employee Stock Purchase Plan
of The Pittston Company

(Name of Plan)

Frank T. Lennon

(Frank T. Lennon
Vice President - Human Resources
and Administration)

March 27, 1998

CONSENT OF INDEPENDENT AUDITORS

We consent to incorporation by reference in the registration statement (No. 33-53565) on Form S-8 of The Pittston Company of our report dated March 17, 1998, relating to the statements of financial condition of the 1994 Employee Stock Purchase Plan of The Pittston Company as of December 31, 1997 and 1996, and the related statements of income and changes in plan equity for each of the years in the three-year period ended December 31, 1997, which report appears in the 1997 Annual Report on Form 11-K of the 1994 Employee Stock Purchase Plan of The Pittston Company.

KPMG Peat Marwick LLP
Richmond, Virginia

March 27, 1998

This schedule contains summary financial information from The Pittston Company Form 10K for the calendar year ended December 31, 1997, and is qualified in its entirety by reference to such financial statements.

1,000

12-MOS
DEC-31-1997
DEC-31-1997
69,878
2,227
520,817
21,985
40,174
726,805
1,167,300
519,658
1,995,944
643,673
191,812
69,914
0
1,138
614,566
1,995,944
630,626
3,394,398
609,025
3,220,270
(3,104)
10,664
27,119
158,255
48,057
110,198
0
0
0
110,198
0
0

Pittston Brink's Group - Basic - 1.92
Pittston Burlington Group - Basic - 1.66
Pittston Minerals Group - Basic - .09
Pittston Brink's Group - Diluted - 1.90
Pittston Burlington Group - Diluted - 1.62
Pittston Minerals Group -Diluted - .09

5

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
459,366
16,116
37,127
638,414
998,607
457,756
1,832,603
588,691
158,837
70,413
0
1,154
535,140
1,832,603
696,513
3,091,195
707,497
2,942,065
(47,299)
7,688
14,074
146,696
42,542
104,154
0
0
0
104,154
0
0

Pittston Brink's Group - Basic - 1.56
Pittston Burlington Group - Basic - 1.76
Pittston Minerals Group - Basic - 1.14
Pittston Brink's Group - Diluted - 1.54
Pittston Burlington Group - Diluted - 1.72
Pittston Minerals Group - Diluted - 1.08

This schedule contains summary financial information from The Pittston Company Form 10K for the calendar year ended December 31, 1995, and is qualified in its entirety by reference to such financial statements.

1,000

12-MOS
DEC-31-1995
DEC-31-1995
52,823
29,334
397,043
16,075
46,399
636,693
923,514
437,346
1,807,372
594,488
133,283
70,767
0
1,362
449,850
1,807,372
722,851
2,914,441
696,295
2,793,438
0
5,762
14,253
130,336
32,364
97,972
0
0
0
97,972
0
0

Pittston Brink's Group - Basic - 1.35
Pittston Burlington Group - Basic - 1.73
Pittston Minerals Group - Basic - 1.45
Pittston Brink's Group - Diluted - 1.33
Pittston Burlington Group - Diluted - 1.68
Pittston Minerals Group - Diluted - 1.40