

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
December 13, 2002

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

Virginia
(State or other
jurisdiction
of Incorporation)

1-9148
(Commission
File Number)

54-1317776
(I.R.S. Employer
Identification No.)

1801 Bayberry Court
P. O. Box 18100
Richmond, VA
(Address of principal
executive offices)

23226-8100
(Zip Code)

(804)289-9600
(Registrant's telephone number, including area code)

Item 2 Acquisition or Disposition of Assets

On December 13, 2002, subsidiaries of The Pittston Company consummated the sale of substantially all of their remaining coal assets in Virginia to subsidiaries of Alpha Natural Resources, LLC, an affiliate of First Reserve Corporation, for an aggregate purchase price of approximately \$76 million, including \$36 million in cash, \$24 million in notes and the present value of minimum royalty payments on coal production and an estimated \$16 million of assumed liabilities. The purchase price was determined through arm's-length negotiations.

The \$24 million fair value of future payments includes an \$8 million note for the sale of coal inventory and \$16 million for the present value of minimum future royalties to be received within five years. Liabilities assumed by subsidiaries of Alpha Natural Resources, LLC were primarily for the reclamation of Virginia coal mining properties.

Assets sold in the transaction included primarily real property, productive coal mining assets (machinery and equipment) and coal inventory and supplies.

Item 7 Financial Statements, Pro Forma Financial Information and Exhibits

a) Financial Statements of Businesses Acquired

Not applicable

b) Pro Forma Financial Information

Pro forma effects of the sale of the remaining coal assets in Virginia

The objective of pro forma financial information is to present information about the continuing impact of a transaction by showing how it might have affected historical financial statements if the transaction had been consummated at an earlier period. The pro forma adjustments below should be read in conjunction with The Pittston Company's historical financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2001, and quarterly report on Form 10-Q for the three and nine months ended September 30, 2002.

As described in Item 2, subsidiaries of The Pittston Company consummated the sale of substantially all of their remaining coal assets in Virginia to

subsidiaries of Alpha Natural Resources, LLC, an affiliate of First Reserve Corporation, for an aggregate purchase price of approximately \$76 million.

A pro forma statement of operations is based on a company's historical results from continuing operations adjusted to reflect the sale transaction as if it had occurred at the beginning of the reporting period. As the disposed business has been classified within discontinued operations in The Pittston Company's previously filed consolidated financial statements, a pro forma statement of operations will not be filed.

For purposes of reporting a pro forma balance sheet, it is assumed that the sales transaction occurred on the balance sheet date. As the remaining assets and liabilities in Virginia were segregated on the face of the balance sheet within net assets and liabilities of discontinued operations, a limited number of pro forma adjustments are required to The Pittston Company's historical balance sheet on September 30, 2002. Pro forma amounts reported are based on preliminary estimates.

Unaudited	Consolidated September 30 2002	Pro forma Adjustments	Pro forma Consolidated September 30 2002
Assets			
Current assets:			
Cash and cash equivalents	122.9	36.0 (4.6)	1 3
Note receivable - inventory	-	(31.4) 8.3	4 1
Accounts receivable, net	528.3	-	528.3
Prepaid expenses and other	65.7	4.0	1
Deferred income taxes	90.9	-	90.9
Discontinued operations	35.1	(27.9)	2
Total current assets	842.9	(15.6)	827.3
Property and equipment, net	828.9	-	828.9
Goodwill, net	224.3	-	224.3
Prepaid pension assets	140.6	-	140.6
Deferred income taxes	234.9	-	234.9
Other assets	159.8	11.7	1
Discontinued operations	101.2	(51.4)	2
Total assets	2,532.6	(55.3)	2,477.3
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	37.4	-	37.4
Current maturities of long-term debt	13.8	-	13.8
Accounts payable	264.5	-	264.5
Accrued liabilities	537.1	-	537.1
Discontinued operations	13.3	(3.0) (4.6)	1,2 3
Total current liabilities	866.1	(7.6)	858.5
Long-term debt	313.9	(31.4)	4
Postretirement benefits other than pensions	402.4	-	402.4
Workers' compensation and other claims	91.1	-	91.1
Deferred revenue	128.6	-	128.6
Deferred income taxes	21.3	-	21.3
Other liabilities	152.1	-	152.1
Discontinued operations	31.3	(16.3)	1,2
Total liabilities	2,006.8	(55.3)	1,951.5
Shareholders' equity	525.8	-	525.8
Total liabilities and shareholders' equity	2,532.6	(55.3)	2,477.3

On December 23, 2002, The Pittston Company announced that its previously announced agreement to dispose of certain of its subsidiaries' coal mining assets in West Virginia had been terminated. As a result, the remaining Company-operated active mining operations will cease by the end of 2002. The pro forma adjustments presented do not reflect the cessation of operations in West Virginia.

Pro forma adjustments:

1. To record proceeds of sale, including cash, note receivable, the present value of future minimum royalties to be received and liabilities assumed by purchaser.
 2. To remove the net assets of the sold Virginia coal mining business
 3. To reflect repayment of capital lease.
 4. To reflect repayment of debt with remaining cash proceeds.
- c) Exhibits
See Exhibit Index

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE PITTSTON COMPANY
(Registrant)

By /s/ Robert T. Ritter

Robert T. Ritter
Vice President and Chief Financial Officer

Dated: December 30, 2002

EXHIBIT INDEX

We omitted the schedules and exhibits referenced in the attached Agreements in accordance with Item 601(b)(2) of regulation S-K. In accordance with Item 601(b)(2) of regulation S-K, we will furnish a copy of any omitted schedule and/or exhibit supplementally to the Securities and Exchange Commission upon request.

- 2.1 Asset Purchase Agreement, dated as of October 29, 2002, by and between Pittston Coal Company and Dickenson-Russell Coal Company, LLC ("APA No. 1")
- 2.2 Amendment to APA No. 1, dated as of December 13, 2002, by and between Pittston Coal Company and Dickenson-Russell Coal Company, LLC
- 2.3 Indemnification and Guaranty Agreement, dated as of December 13, 2002, by and among Pittston Coal Company, The Pittston Company, Alpha Natural Resources, LLC and Dickenson-Russell Coal Company, LLC
- 2.4 Cooperation Agreement, dated as of December 13, 2002, by and between Pittston Coal Company and Dickenson-Russell Coal Company, LLC
- 2.5 Asset Purchase Agreement, dated as of October 29, 2002, by and between Pittston Coal Company and Paramount Coal Company Virginia, LLC ("APA No. 2")
- 2.6 Amendment to APA No. 2, dated as of December 13, 2002, by and between Pittston Coal Company and Paramount Coal Company Virginia, LLC
- 2.7 Indemnification and Guaranty Agreement, dated as of December 13, 2002, by and among Pittston Coal Company, The Pittston Company, Alpha Natural Resources, LLC and Paramount Coal Company Virginia, LLC
- 2.8 Cooperation Agreement, dated December 13, 2002, by and between Pittston Coal Company and Paramount Coal Company Virginia, LLC
- 2.9 Asset Purchase Agreement, dated as of October 29, 2002, by and between Pittston Coal Company and Alpha Land and Reserves, LLC ("APA No. 3")
- 2.10 Amendment to APA No. 3, dated as of December 13, 2002, by and between Pittston Coal Company and Alpha Land and Reserves, LLC
- 2.11 Indemnification and Guaranty Agreement, dated as of December 13, 2002, by and among Pittston Coal Company, The Pittston Company, Alpha Natural Resources, LLC and Alpha Land and Reserves, LLC

- 2.12 Asset Purchase Agreement, dated as of October 29, 2002, by and between Pittston Coal Company and Alpha Coal Sales Co., LLC ("APA No. 4")
- 2.13 Amendment to APA No. 4, dated as of December 13, 2002, by and between Pittston Coal Company and Alpha Coal Sales Co., LLC
- 2.14 Indemnification and Guaranty Agreement, dated as of December 13, 2002, by and among Pittston Coal Company, The Pittston Company, Alpha Natural Resources, LLC and Alpha Coal Sales Co., LLC
- 2.15 Asset Purchase Agreement, dated as of October 29, 2002, by and between Pittston Coal Company and Alpha Terminal Company, LLC ("APA No. 5")
- 2.16 Amendment to APA No. 5, dated as of December 13, 2002, by and between Pittston Coal Company and Alpha Terminal Company, LLC
- 2.17 Indemnification and Guaranty Agreement, dated as of December 13, 2002, by and among Pittston Coal Company, The Pittston Company, Alpha Natural Resources, LLC and Alpha Terminal Company, LLC
- 2.18 Asset Purchase Agreement, dated as of October 29, 2002, by and between Pittston Coal Company and Maxxim Rebuild Co., LLC ("APA No. 6")
- 2.19 Amendment to APA No. 6, dated as of December 13, 2002, by and between Pittston Coal Company and Maxxim Rebuild Co., LLC
- 2.20 Indemnification and Guaranty Agreement, dated as of December 13, 2002, by and among Pittston Coal Company, The Pittston Company, Alpha Natural Resources, LLC and Maxxim Rebuild Co., LLC
- 2.21 Cooperation Agreement, dated as of December 13, 2002, by and between Pittston Coal Company and Maxxim Rebuild Co., LLC

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

PITTSTON COAL COMPANY

AND

DICKENSON-RUSSELL COAL COMPANY, LLC

October 29, 2002

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of the 29th day of October, 2002, by and between PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), and DICKENSON-RUSSELL COAL COMPANY, LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, PCC owns, directly or indirectly, all of the outstanding capital stock of the corporations listed on Schedule 1.5 (the "Asset Sale Companies");

WHEREAS, PCC desires to cause to be sold and assigned, and Buyer desires to purchase and assume, certain of the assets and certain of the Liabilities (as hereinafter defined) of the Asset Sale Companies;

WHEREAS, PCC desires to cause the Asset Sale Companies to retain certain assets and certain Liabilities;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PCC and Buyer agree that:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified:

1.1. 273 Threshold.

"273 Threshold" shall have the meaning given to it in Section 1.95(k) hereof.

1.2. Administrative Services Agreement.

"Administrative Services Agreement" shall mean the agreement by and between PCC and Buyer, an outline of which is attached hereto as Exhibit A.

1.3. Affiliate.

"Affiliate" shall mean, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Agreement, none of Dominion Terminal Associates or any of its partners, other than Pittston Coal Terminal Corporation, shall be deemed an Affiliate of PCC or any of its Affiliates.

1.4. Agreement.

"Agreement" shall mean this Asset Purchase Agreement, together with the Exhibits and Schedules attached hereto, which are incorporated into this Asset Purchase Agreement by this reference, as the same may be amended from time to time in accordance with the terms hereof.

1.5. Asset Sale Companies.

"Asset Sale Companies" shall have the meaning given to it in the Recitals to this Agreement. The term "Asset Sale Company" shall mean one of the Asset Sale Companies.

1.6. Asset Sale Non-Signatory Company.

"Asset Sale Non-Signatory Company" shall mean the Asset Sale Company designated as "Asset Sale Non-Signatory Company" on Schedule 1.5.

1.7. Asset Sale Signatory Company.

"Asset Sale Signatory Company" shall mean the Asset Sale Company designated as "Asset Sale Signatory Company" on Schedule 1.5.

1.8. Assignment and Assumption Agreements.

"Assignment and Assumption Agreements" shall mean the assignment and assumption agreements substantially in the form of Exhibit B attached hereto.

1.9. Assumed Liabilities.

"Assumed Liabilities" shall mean all Liabilities of the Asset Sale Companies listed on Schedule 1.9.

1.10. Bills of Sale.

"Bills of Sale" shall mean the bills of sale substantially in the form of Exhibit C attached hereto.

1.11. Books and Records.

"Books and Records" shall mean the original or true and complete copies of all of the books and records of the Asset Sale Companies pertaining to the Purchased Assets, including but not limited to, customer lists, employee records for those Employees employed by Buyer on or immediately following the Closing Date, purchase orders and invoices, sales orders and sales order log books, credit and collection records, plats, drawings and specifications, environmental and mining reports and studies, correspondence and miscellaneous records with respect to customers and supply sources, lessors and lessees, maps, core logs, engineering data, equipment maintenance records and all other general correspondence, records, books and files owned by any Asset Sale Company, but excluding any and all Tax Returns, books and records relating to the Retained Liabilities and corporate records of the Asset Sale Companies.

1.12. Business.

"Business" shall mean the coal mining and sale business conducted by the Asset Sale Companies using the Purchased Assets.

1.13. Buyer.

"Buyer" shall have the meaning given to it in the preamble of this Agreement.

1.14. Buyer's Affiliates, Successors, Assigns, Lessees or Contractors.

"Buyer's Affiliates, Successors, Assigns, Lessees or Contractors" shall mean Buyer's Affiliates, Buyer's contractual successors and assigns, and lessees and contractors who, as part of a contractual arrangement with Buyer or one of its Affiliates, offer employment to the current or former Employees of an Asset Sale Company.

1.15. Buyer Closing Certificate.

"Buyer Closing Certificate" shall mean the certificate of Buyer substantially in the form of Exhibit D attached hereto.

1.16. Buyer's Ultimate Parent.

"Buyer's Ultimate Parent" shall mean Alpha Natural Resources, LLC, a Delaware limited liability company.

1.17. CERCLA.

"CERCLA" shall have the meaning set forth in Section 1.40 hereof.

1.18. CERCLIS.

"CERCLIS" shall have the meaning set forth in Section 3.8 hereof.

1.19. Classified Employee.

"Classified Employee" shall mean any Employee whose employment is governed by any of the Collective Bargaining Agreements. The term "current and former Classified Employees" shall mean any Persons who fall within the term Classified Employee at any time prior to the Closing Date.

1.20. Classified Employee Retiree Medical Plans.

"Classified Employee Retiree Medical Plans" shall mean the Pittston Coal Group Companies Managed Care Employee Benefit Plan for UMWA Represented Employees dated April 1, 1999 and the Pittston Coal Group Companies Employee Benefit Plan for UMWA Represented Employees dated June 21, 1994.

1.21. Classified Employment.

"Classified Employment" shall mean employment, the terms of which are governed by a collective bargaining agreement between an employer and the UMWA, including any of the Collective Bargaining Agreements.

1.22. Closing.

"Closing" shall mean the closing of the transactions contemplated by this Agreement beginning at 10:00 a.m., local time, on the Closing Date, at the offices of Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

1.23. Closing Date.

"Closing Date" shall mean November 30, 2002 or such other date as the parties may mutually agree in writing.

1.24. Coal Act.

"Coal Act" shall mean the Coal Industry Retiree Health Benefit Act of 1992 as amended through the Closing Date (codified at Subtitle J of the Code).

1.25. Coal Inventory.

"Coal Inventory" shall mean the coal stockpile inventory and loaded shipments in transit to a pier or at a pier owned by the Asset Sale Companies at the locations listed on Schedule 1.25.

1.26. COBRA.

"COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

1.27. Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, where appropriate, any predecessor or successor provisions of Law, and all regulations thereunder.

1.28. Collective Bargaining Agreements.

"Collective Bargaining Agreements" shall mean, collectively, the Agreement Between the United Mine Workers of America and the Pittston Coal Group Companies dated January 1, 1999 and the Memorandum of Understanding Regarding New Virginia Operations dated March 23, 2002, each of which includes (a) any and all employee benefit plans or programs maintained thereby or incorporated therein; (b) that certain Settlement Agreement, dated March 20, 1996, in the case UMWA 1974 Pension Trust, et al. v. The Pittston Company, et al., Civil Action No. 88-0969 (TFH)(U.S. District Court for the District of Columbia; (c) any precedential grievance settlements, arbitration decisions and binding past practices or customs; and (d) any and all memoranda of understanding, local or district

agreements, correspondence and other documents incorporated by reference therein or attached thereto, including, without limitation, the following:

Memorandum of Understanding Concerning Participation in the United Mine Workers of America 1974 Pension Plan dated January 1, 1999;
Memorandum of Understanding Regarding McClure River Preparation Plan dated October 2, 1996;
Agreement Regarding Clinchfield Electrical Crew dated April 5, 1999;
Undated Agreement between Clinchfield Coal Company and Members of Local 7950 (Construction Crew)(regarding pay in lieu of portal);
Clinchfield Agreement Regarding Forestry Department dated March 23, 2000;
Agreement Between Local Union 7950 and Clinchfield Coal Company dated March 23, 2000 (regarding waiver of cumulative 60 day limit as temporary supervisor);
Agreement Regarding Clinchfield Construction Crew dated March 29, 2000;
Agreement dated April 3, 1996 (regarding work performed by the Clinchfield Central Shop on behalf of non signatory operations of the company);
Agreement Regarding Clinchfield Central Shop dated January 26-27, 1999;
Agreement dated September 10, 1996 (regarding work performed by the Clinchfield Electrical Line Crew and the Clinchfield Truck Shop on behalf of non signatory operations of the company);
Agreement dated February 5, 1993 (regarding the staffing of the seniority units which encompass the operation of Highwall Continuous Mining Machines);

Three letters dated March 23, 2002 between James Spurlock and Daryl Dewberry; and

Seven letters dated January 1, 1999 between James Spurlock and Bruce Bratten.

"Collective Bargaining Agreements" shall not include the PCO/UMWA Agreements dated January 1, 1999.

1.29. Contaminated.

"Contaminated" shall mean the presence of one or more Hazardous Substances in such quantity or concentration as to: (i) violate any Environmental Law; (ii) require disclosure to any Governmental Authority; (iii) require remediation or removal; (iv) interfere with or prevent the use of the Real Property or any of the Purchased Assets as customarily intended; or (v) create any contribution Liability to fund the clean up of the Real Property.

1.30. Contracts.

"Contracts" shall mean the written contracts, agreements, personal and real property leases, relationships and commitments, of the Asset Sale Companies listed on Schedule 1.30.

1.31. Controlled Group.

"Controlled Group" shall have the meaning set forth in Codess.1563.

1.32. Conveyance Deeds.

"Conveyance Deeds" shall mean the deeds substantially in the form of Exhibit E attached hereto.

1.33. Cooperation Agreement.

"Cooperation Agreement" shall mean the agreement by and among the PCC Parent, PCC and Buyer substantially in the form of Exhibit F attached hereto.

1.34. CPA Arbitrator.

"CPA Arbitrator" shall have the meaning set forth in Section 2.12 hereof.

1.35. D-R Service Agreement.

"D-R Service Agreement" shall mean the agreement by and between Buyer and PCC, substantially in the form of Exhibit G attached hereto.

1.36. Dispute.

"Dispute" shall have the meaning set forth in Section 10.14 hereof.

1.37. Employee.

"Employee" shall mean any Person (i) employed by and rendering personal services for an Asset Sale Company, (ii) receiving short-term or long-term disability benefits from an Asset Sale Company under an Employee Benefit Plan or (iii) laid-off or on inactive status from an Asset Sale Company. The term "current and former Employees" shall mean any Persons who fall within the term Employee at any time prior to the Closing Date.

1.38. Employee Benefit Plans.

"Employee Benefit Plans" shall have the meaning set forth in Section 3.12 hereof.

1.39. Environment.

"Environment" shall mean surface or ground water, water supply, soil or the ambient air.

1.40. Environmental Laws.

"Environmental Laws" shall mean collectively, all federal, foreign, state, and local Laws in effect as of the Closing Date that relate to (a) the prevention, abatement or elimination of pollution, or the protection of the environment, or of natural resources, including, without limitation, Laws applicable to coal mining operations or related activities, (b) the generation, handling, treatment, storage, disposal or transportation of waste materials, (c) the regulation of or exposure to Hazardous Substances, including, without limitation, the Comprehensive Environmental Response Compensation and Liability

Act, 42 U.S.C.ss.ss.9601 et. seq. ("CERCLA"), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, as amended, 42 U.S.C.ss.ss.6901 et. seq. ("RCRA"), the Clean Air Act, 42 U.S.C.ss.ss.7401 et. seq., the Clean Water Act, 33 U.S.C. ss.ss.1251 et. seq., the Toxic Substances Control Act, 15 U.S.C.ss.ss.2601 et. seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C.ss.ss.11001 et. seq., and any foreign, state, county, municipal, or local statutes, Laws or ordinances similar or analogous to the federal statutes listed in this sentence.

1.41. Environmental Matter.

"Environmental Matter" shall mean any assertion of a violation, claim or directive by any Governmental Authority or any other Person for personal injury, damage to property or the Environment, nuisance, contamination or other adverse effects on the Environment, or for damages or restrictions resulting from or related to (i) the operation of PCC's or its Affiliates' business or any predecessor or the ownership, use or operation at or on any real property or other assets owned, operated or leased by PCC or its Affiliates or any predecessor; or (ii) the existence or the continuation of a Release of, or exposure to, or the transportation, storage or treatment of any Hazardous Substance into the Environment from or related to any real property or assets currently or formerly owned, operated or leased by PCC or its Affiliates or any activities on or operations thereof.

1.42. Environmental or Response Action.

"Environmental or Response Action" shall mean all actions required (i) to clean up, remove, treat or in any other way address any Hazardous Substance or other substance; (ii) to prevent the Release or threat of Release, or minimize the further Release of any Hazardous Substance or other substance so it does not migrate or endanger or threaten to endanger public health or welfare or the

indoor or outdoor Environment; (iii) to perform pre-remedial studies and investigations or post-remedial monitoring and care; (iv) to bring facilities on any real property currently or formerly owned, operated or leased by PCC or its Affiliates and the facilities located and operations conducted thereon into compliance with all Environmental Laws and Reclamation Laws and all permits and other authorizations, and the filing of all notifications and reports required under any Environmental Laws and Reclamation Laws; or (v) for the purpose of environmental protection of any real property currently or formerly owned, operated or leased by PCC or its Affiliates.

1.43. EPA.

"EPA" shall have the meaning set forth in Section 3.8 hereof.

1.44. Equipment.

"Equipment" shall mean the tangible machinery, vehicles, equipment, furniture, fixtures, furnishings, trailers, tools, parts and other personal property owned or leased by the Asset Sale Companies listed on Schedules 1.44(a) and 1.44(b), respectively.

1.45. ERISA.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.46. ERISA Affiliates.

"ERISA Affiliates" shall mean any trade or business (whether or not incorporated) that is part of the same Controlled Group as, or under common control with, or part of an affiliated service group that includes, PCC and each of the Asset Sale Companies within the meaning of Section 414(b), (c), (m) or (o) of the Code.

1.47. Fiduciary.

"Fiduciary" shall have the meaning set forth in ERISA ss.3(21)

1.48. Governmental Authority.

"Governmental Authority" shall mean any governmental, judicial, legislative, executive, administrative or regulatory authority of the United States, or of any foreign, state or local government or any subdivision, agency, commission, office, authority or bureau thereof or any quasi-governmental entity or authority of any nature.

1.49. Hazardous Substances.

"Hazardous Substances" shall mean any substance, chemical, waste, solid, material, pollutant or contaminant that is defined or listed as hazardous or toxic under any applicable Environmental Laws. Without limiting the generality of the foregoing it shall also include any radioactive material, including any naturally-occurring radioactive material, and any source, special or by-product material as defined in 42 U.S.C. 2011, et seq., any amendments or authorizations thereof, any asbestos-containing materials in any form or condition, any polychlorinated biphenyls in any form or condition, radioactive waste, or natural gas, natural gas liquids, liquified natural gas, condensate, or derivatives or byproducts thereof or oil and petroleum products or by products and constituents thereof.

1.50. Health and Safety Requirements.

"Health and Safety Requirements" shall mean all applicable federal, state, local and foreign Laws concerning public health and safety and worker health and safety each as in effect as of the Closing Date, other than Environmental Laws.

1.51. HIPAA.

"HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996, as amended, and all rules and regulations thereunder.

1.52. Income Tax or Income Taxes.

"Income Tax or "Income Taxes" shall mean any Tax based on or measured by net income.

1.53. Indemnification and Guaranty Agreement.

"Indemnification and Guaranty Agreement" shall mean the agreement by and among PCC Parent, PCC, Buyer and Buyer's Ultimate Parent substantially in the form of Exhibit H attached hereto.

1.54. Independent Surveyor.

"Independent Surveyor" shall have the meaning set forth in Section 2.11(b) hereof.

1.55. Intellectual Property.

"Intellectual Property" shall mean the trademarks, service marks, patents, copyrights (including any registrations, applications, licenses or rights relating to any of the foregoing), technology, logos, trade secrets, confidential information related to the Purchased Assets, inventions, know-how, designs, technical data, drawings, customer and supplier lists, pricing and cost information, or computer programs and processes and all goodwill associated therewith and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions owned or licensed or leased by the Asset Sale Companies listed on Schedules 1.55(a) and 1.55(b), respectively.

1.56. IRS.

"IRS" shall mean the United States Internal Revenue Service.

1.57. Knowledge of PCC.

"Knowledge of PCC" shall mean, for the individuals listed on Schedule 1.57, any such individual's actual knowledge and what any such individual should have known after reasonable inquiry within the scope of that individual's job responsibilities.

1.58. Law.

"Law" and "Laws" shall mean any applicable United States or foreign, federal, state, local or other law or governmental requirement of any kind, and the rules, regulations and orders promulgated thereunder.

1.59. Lien.

"Lien" shall mean any lien, encumbrance, mortgage, charge, claim, restriction, pledge, security interest or imposition of any kind.

1.60. Liability.

"Liability" shall mean any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), including any liability for Taxes. Liabilities shall mean one or more items of Liability.

1.61. Material Adverse Effect.

"Material Adverse Effect" shall mean any event, change or occurrence that individually, or together with any other event, change or occurrence, has a material adverse impact on the Business, taken as a whole, without regard to the duration of such material adverse impact.

1.62. Medical Plans.

"Medical Plans" shall mean any and all benefit plans that provide medical, dental and other benefits to current or former Employees sponsored or maintained by or on behalf of, or for the benefit of, PCC or any Asset Sale Company, including the Comprehensive Medical Expense Benefits Plan of The Pittston Company and Its Subsidiaries, the Pittston Coal Group Companies Managed Care Employee Benefit Plan for UMWA Represented Employees dated April 1, 1999, the Pittston Coal Group Companies Employee Benefit Plan for UMWA Represented Employees dated June 21, 1994, and the Pittston Coal Group Companies Employee Benefit Plan for UMWA Represented Employees dated February 21, 1990.

1.63. Mining Activities.

"Mining Activities" shall mean those activities of the Asset Sale Companies that have taken place on or through the use of the Purchased Assets that involve surface, underground and auger mining, processing or transporting of coal and the handling of coal by-products.

1.64. Mining Data.

"Mining Data" shall have the meaning set forth in Section 3.5(d) hereof.

1.65. Mining Environmental Liabilities.

"Mining Environmental Liabilities" shall mean Liabilities that relate to or arise from both of the following: (i) any of the Hazardous Substances set forth on Schedule 1.65 and (ii) an Environmental Matter or Environmental and Response Action associated with Mining Activities to the extent that such Mining Activities conformed to industry standard practices at the time such Mining Activities were conducted.

1.66. MSHA.

"MSHA" shall have the meaning set forth in Section 3.8 hereof.

1.67. Multiemployer Plan.

"Multiemployer Plan" shall have the meaning set forth in Section 3.12 hereof.

1.68. Non-Classified Employee.

"Non-Classified Employee" shall mean an Employee, the terms of whose employment are not or were not, at the time of the determination of the Employee's status, governed by a collective bargaining agreement, including any of the Collective Bargaining Agreements.

1.69. Non-Classified Employee Retiree Medical Plan.

"Non-Classified Employee Retiree Medical Plan" shall mean the Comprehensive Medical Expense Benefits Plan of The Pittston Company and its Subsidiaries.

1.70. Operator.

"Operator" shall have the meaning set forth in Section 3.8 hereof.

1.71. Ordinary Course of Business.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

1.72. OSM.

"OSM" shall have the meaning set forth in Section 3.8 hereof.

1.73. Parts, Fuel and Supplies Inventory.

"Parts, Fuel and Supplies Inventory" shall include the categories of items listed on Schedule 1.73.

1.74. PBGC.

"PBGC" shall mean the Pension Benefits Guaranty Corporation.

1.75. PCC.

"PCC" shall have the meaning given to it in the preamble to this Agreement.

1.76. PCC Bonds.

"PCC Bonds" shall have the meaning set forth in Section 3.9 hereof.

1.77. PCC Closing Certificate.

"PCC Closing Certificate" shall mean the certificate of PCC substantially in the form of Exhibit I attached hereto.

1.78. PCC Group.

"PCC Group" shall have the meaning set forth in Section 1.95(j) hereof.

1.79. PCC Parent.

"PCC Parent" shall mean The Pittston Company, a Virginia corporation.

1.80. Pension Plans.

"Pension Plans" shall have the meaning set forth in Section 3.12 hereof.

1.81. Permits.

"Permits" shall mean the written permits, licenses, orders, certificates, registrations, approvals and similar rights held by the Asset Sale Companies listed on Schedule 1.81.

1.82. Permitted Liens.

"Permitted Liens" shall mean: (i) Liens for property Taxes not due and payable; (ii) encumbrances that would be apparent in a physical inspection of the surface of the Real Property; (iii) all instruments of record in the offices of the Clerk of the Circuit Court for each county where the Real Property is located; and (iv) those Liens affecting the Purchased Assets that are listed on Schedule 1.82.

1.83. Person.

"Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Authority.

1.84. Post-Closing Period.

"Post-Closing Period" shall mean any taxable period beginning after the Closing Date.

1.85. Pre-Closing Period.

"Pre-Closing Period" shall mean any taxable period ending on or before the Closing Date.

1.86. Promissory Note.

"Promissory Note" shall mean the secured promissory note made by Buyer in favor of PCC determined in accordance with Section 2.11, to be dated as of the Closing Date, in a form to be agreed upon by the parties hereto.

1.87. Purchase Price.

"Purchase Price" shall mean the cash amount of \$8,170,000 (which amount shall include \$880,000 for the Parts, Fuel and Supplies Inventory, \$3,180,000 for the Coal Inventory and \$110,000 for two continuous miners), plus the Promissory Note.

1.88. Purchased Assets.

"Purchased Assets" shall mean all right, title and interest in and to the Coal Inventory, Parts, Fuel and Supplies Inventory, Equipment, Books and Records, Real Property, Mining Data and Intellectual Property of the Asset Sale Companies and the rights of the Asset Sale Companies with respect to the Contracts and the Permits.

1.89. Qualified Plans.

"Qualified Plans" shall have the meaning set forth in Section 3.12 hereof.

1.90. RCRA.

"RCRA" shall have the meaning set forth in Section 1.40 hereof.

1.91. Real Property.

"Real Property" shall mean the real property rights and interests owned, leased or subleased by the Asset Sale Companies and any improvements, fixtures, easements, rights of way, and other appurtenants thereto (such as appurtenant rights in and to public streets) that are listed on Schedule 1.91.

1.92. Reclamation Laws.

"Reclamation Laws" shall mean all federal, state and local Laws, as now or hereafter in effect, relating to coal mining reclamation activities or Liabilities. For purposes of this definition, "coal mining" shall include, but not be limited to, any activities defined under the Surface Mining Control and Reclamation Act of 1977, as amended, as "surface coal mining operations."

1.93. Related Persons.

"Related Persons" shall mean related persons as that term is defined in Section 9701(c)(2) of the Coal Act, except that it shall not include successors in interest.

1.94. Release.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, dumping or disposing into the Environment of Hazardous Substances.

1.95. Retained Liabilities.

"Retained Liabilities" shall mean all of the Liabilities of each Asset Sale Company, other than the Assumed Liabilities, including, without limitation, the following:

- (a) the Liabilities listed on Schedule 1.95(a);
- (b) all Liabilities arising under applicable Workers' Compensation Acts for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, but only with respect to claims where the date of injury or the date of last injurious exposure occurred prior to the date such Employees began working for Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors;
- (c) all Liabilities arising under the federal black lung Laws for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, to the extent and in the amounts provided in the federal black lung Laws, but only until such time as Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors becomes the responsible operator under the federal black lung Laws for such Employees;

- (d) unless such Liabilities are otherwise retained pursuant to Sections 1.95(j) or 1.95(k) hereof, all Liabilities for medical, dental, vision, sickness and accident, life, death, accidental death and dismemberment, and other benefits and expenses covered under the Medical Plans including related insurance costs or premiums for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, (ii) the current or former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, but only with respect to the period prior to the date such Employees began working for Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors and (iii) in either case, all such Liabilities under COBRA, HIPAA and other Laws, including all Liabilities of a Fiduciary for breach of fiduciary duty or any other failure to act or comply in connection with the administration of such Medical Plans;
- (e) unless such Liabilities are otherwise retained pursuant to Sections 1.95(j) or 1.95(k) hereof, all Liabilities arising under or based upon the Employee Benefit Plans sponsored or maintained by, on behalf of or for the benefit of such Asset Sale Company or its Employees or in which such Asset Sale Company participated (other than the UMWA Pension Plans and the Medical Plans), including all Liabilities arising from or related to the termination thereof or Liabilities of a Fiduciary for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan;

- (f) all Liabilities for salaries, wages, bonuses, vacation days, personal days, contributions, if any, to the UMWA Pension Plans required under the Collective Bargaining Agreements and similar forms of leave or compensation for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, that are accrued, due or earned up to the date such Employees began working for Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors and for which such Employees are eligible;
- (g) all Liabilities for terminated contract miner performance escrow amounts (including interest) accrued up to the Closing Date;
- (h) all Liabilities for accounts payable for which goods have been shipped and delivered (whether or not invoiced) or services have been performed (whether or not invoiced) and related notes, trade payables and earned royalties, to the extent that an Asset Sale Company received a benefit before the Closing Date;
- (i) all Liabilities for claims of any current or former Employees pursuant to the WARN Act arising out of acts or omissions of the Asset Sale Companies prior to and including the Closing Date;
- (j) (1) all Liabilities, if any, of any Asset Sale Company and its Related Persons (collectively, the "PCC Group") under the Coal Act, and (2) all Liabilities, if any, of the PCC Group under any post-Closing amendments to the Coal Act for (i) beneficiaries eligible under the Coal Act who are assigned to a member of the PCC Group or for whom a member of the PCC Group is required to

provide or pay for medical benefits pursuant to Sections 9711 or 9712 of the Coal Act or (ii) death benefit premiums or unassigned beneficiary premiums (as those terms are used in Sections 9704(c) and 9704(d) of the Coal Act) for beneficiaries eligible under the Coal Act, that are assessed against any member of the PCC Group; provided, for the avoidance of doubt, that the Liabilities retained pursuant to (1) and (2) above shall not be affected by Buyer or any of its Affiliates being identified under the Coal Act or any post-Closing amendments thereto as a successor, successor in interest or "Related person" under the Coal Act or any post-Closing amendments thereto to any member of the PCC Group solely as a result of Buyer's purchase of the Purchased Assets;

- (k) notwithstanding anything in Article VIII to the contrary, all Liabilities for retiree medical benefits provided through any Classified Employee Retiree Medical Plan maintained pursuant to any of the Collective Bargaining Agreements in which such Asset Sale Signatory Company participates as of the Closing Date for (i) the current and former Classified Employees (and their eligible dependents and beneficiaries) of the Asset Sale Signatory Company who, as of the Closing Date, have retired and are receiving benefits from any such Classified Employee Retiree Medical Plan, (ii) the current and former Classified Employees (and their eligible dependents and beneficiaries) of the Asset Sale Signatory Company who, based on age, service, and/or disability, satisfy the eligibility criteria in any such Classified Employee Retiree Medical Plan to receive retiree health benefits and whose last signatory Classified Employment is with the Asset Sale Signatory Company, (iii) the current and former Classified Employees listed on Schedule 1.95(k)(1) (and their eligible dependents and beneficiaries) who (1) are recalled or hired after the Closing Date by Buyer or one of Buyer's

Affiliates, Successors, Assigns, Lessees or Contractors pursuant to or as a result of any of the Collective Bargaining Agreements to work at the Purchased Assets listed on Schedule 1.95(k)(2), (2) based on age, service, and/or disability, satisfy the eligibility criteria in any such Classified Employee Retiree Medical Plan to receive retiree health benefits and (3) whose last signatory Classified Employment is with Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors; and (iv) the current and former Classified Employees listed on Schedule 1.95(k)(3) (and their eligible dependents and beneficiaries) who (1) are recalled or hired between the Closing Date and December 31, 2003 by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors pursuant to or as a result of any of the Collective Bargaining Agreements to work at the Purchased Assets listed on Schedule 1.95(k)(2), (2) based on age, service and/or disability effective as of December 31, 2003 (but excluding any individuals who meet the disability criteria as a result of having incurred the disability after being employed by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors) satisfy the eligibility criteria in any Classified Employee Retiree Medical Plan to receive retiree health benefits and (3) whose last signatory Classified Employment is with Buyer, or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, provided, however, that PCC shall not retain Liabilities pursuant to (iii) and (iv) above with respect to (A) any Employee listed on Schedule 1.95(k)(1) or Schedule 1.95(k)(3) who works for an employer other than Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, that is signatory to a collective bargaining agreement with the UMWA, between the time the Employee last worked for the Asset Sale Signatory Company and is recalled

or hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors or (B) any Employee who is listed on Schedule 1.95(k)(1) or Schedule 1.95(k)(3) (and their eligible dependents and beneficiaries) where, at Lessees or Contractors, the total number of Classified Employees working at the Purchased Assets listed on Schedule 1.95(k)(2) exceeds 273 (the "273 Threshold"); and provided further that the Liabilities described in (iii) and (iv) above shall exist regardless of when such Classified Employees actually retire or seek to receive retiree health benefits, and shall continue for so long as Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors would be obligated to provide those benefits but for the terms of this Agreement;

- (l) all Liabilities, if any, of such Asset Sale Companies for retiree medical benefits with respect to Non-Classified Employees of such Asset Sale Company (and their eligible dependents and beneficiaries) who, on or prior to the Closing Date, satisfy the requirements for retiree medical benefits under any Non-Classified Employee Retiree Medical Plan in which such Asset Sale Company participates;
- (m) all Liabilities relating to assets held in trust under any Qualified Plan sponsored or maintained by, on behalf of or for the benefit of such Asset Sale Company or its current or former Employees or in which such Asset Sale Company participates (other than the UMWA Pension Plans) arising or relating to the period prior to the Closing Date;
- (n) all Liabilities with respect to withdrawal by the Asset Sale Companies or their Affiliates, if any, from the UMWA Pension Plans or any other Multiemployer Plan;

- (o) all inter-company indebtedness owed by any Asset Sale Company to the PCC Parent or any of the PCC Parent's Affiliates;
- (p) all Liabilities arising out of or in connection with compliance prior to the Closing Date with Health and Safety Requirements pertaining to the Purchased Assets, and all Liabilities arising out of or in connection with compliance with all Laws relating to equal employment opportunity, employment, or labor relations concerning the employment of any Employee by the Asset Sale Companies, or relating to any other action taken or not taken by the Asset Sale Companies concerning (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, but only with respect to matters arising out of the employment of such Employees by the Asset Sale Companies;
- (q) except as set forth on Schedule 1.9, all Liabilities for the claims, legal actions, suits, litigation, arbitrations, grievances, disputes or investigations listed on Schedules 3.5(c), 3.8 and 3.11;
- (r) all Liabilities of any of the Asset Sale Companies for unpaid Taxes with respect to any Tax year or portion thereof ending on or before the Closing Date or for any Tax year beginning before and ending after the Closing Date to the extent allocable to the portion of such period beginning before and ending on the Closing Date (to the extent of any inconsistencies with Article VII hereof, Article VII shall be controlling);

- (s) all amounts payable as the result of the consummation of the transactions contemplated by this Agreement that arise due to any change of control provision of any Contract other than those Contracts listed on Schedule 5.4(b);
- (t) all Liabilities of any of the Asset Sale Companies for the unpaid Taxes of any Person (including PCC and its subsidiaries) under Reg. ss.1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise;
- (u) all Liabilities for any Environmental Matter or Environmental or Response Action related to real property or any other asset owned, operated or leased by PCC or any of its Affiliates that is not a Purchased Asset (except to the extent otherwise provided in the D-R Service Agreement or any other agreement entered into contemporaneously with this Agreement pursuant to which reclamation and other services are to be performed on PCC's or its Affiliates' idle properties);
- (v) all Liabilities for any Environmental Matter or Environmental or Response Action (other than Mining Environmental Liabilities) to the extent the underlying claim relates to or arises from any activity on or through the use of the Purchased Assets and is attributable to acts or omissions occurring at or prior to the Closing;
- (w) all Liabilities of PCC that become a Liability of Buyer under any bulk transfer Law of any jurisdiction;
- (x) all Liabilities under the Collective Bargaining Agreements that do not pertain to or arise out of any Asset Sale Signatory Company's ownership of the Purchased Assets;

(y) all Liabilities under the contracts, agreements, personal and real property leases, relationships and commitments of the Asset Sale Companies listed on Schedule 1.95(y); and

(z) all Liabilities related to Equipment retained by PCC and the Asset Sale Companies after the Closing Date but included within the Equipment leases listed in Schedule 5.4(b).

1.96. Security Agreement.

"Security Agreement" shall mean the Security Agreement between Buyer and PCC, to be dated as of the Closing Date, in a form to be agreed upon by the parties hereto.

1.97. SMCRA.

"SMCRA" shall have the meaning set forth in Section 3.8 hereof.

1.98. Straddle Period.

"Straddle Period" shall mean any taxable period covering days before and after the Closing Date.

1.99. Tax or Taxes.

"Tax" or "Taxes" mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code ss.59A), custom duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, reclamation fees or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, but shall not include, for purposes of this Agreement only, Liabilities under the Coal Act, of whatever nature and regardless of how denominated.

1.100. Tax Return.

"Tax Return" shall mean any original or amended report, return, declaration, claim for refund, statement, document, schedule, attachment or other information supplied or required to be supplied to a Governmental Authority with respect to Taxes, including any return of an affiliated, combined or unitary group.

1.101. UMWA.

"UMWA" shall mean the International Union, United Mine Workers of America, including its district and local unions.

1.102. UMWA Pension Plans.

"UMWA Pension Plans" shall mean the United Mine Workers of America 1950 and 1974 Pension Plans and Trusts.

1.103. VDEQ.

"VDEQ" shall have the meaning set forth in Section 3.8 hereof.

1.104. VDMME.

"VDMME" shall have the meaning set forth in Section 3.8 hereof.

1.105. WARN Act.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act, as amended.

1.106. Welfare Plans.

"Welfare Plans" shall have the meaning set forth in Section 3.12 hereof.

1.107. Workers' Compensation Acts.

"Workers' Compensation Acts" shall mean Laws that provide for awards to employees and their dependents for employment-related accidents and diseases.

ARTICLE II
PURCHASE AND SALE OF ASSETS

2.1. Transfer of Assets.

On the Closing Date, PCC (on behalf of the Asset Sale Companies) shall cause to be sold, conveyed, transferred, assigned, and delivered to Buyer, and Buyer shall acquire, the Purchased Assets. At the Closing, subject to the terms and conditions of this Agreement, PCC agrees to: (i) cause title to the Purchased Assets to be transferred and delivered to Buyer; and (ii) perform its obligations under this Agreement to be performed at or before Closing. In full payment for the Purchased Assets, Buyer shall: (i) assume the Assumed Liabilities; (ii) pay to PCC (which shall receive such amounts on behalf of the Asset Sale Companies) the Purchase Price by wire transfer of cash or other immediately available funds and execute and deliver to PCC the Promissory Note; and (iii) perform its obligations under this Agreement to be performed at or before Closing. Buyer shall not assume or have any responsibility with respect to any Liability of PCC Parent, PCC, the PCC Group or the Asset Sale Companies that is not an Assumed Liability.

2.2. Bills of Sale, Assignment and Assumption Agreements, Conveyance Deeds and Other Documents.

At the Closing, PCC shall cause each of the Asset Sale Companies to: (i) execute and deliver to Buyer the Bills of Sale, the Assignment and Assumption Agreements, the Conveyance Deeds and such other documents as may be necessary to convey to Buyer the Purchased Assets; and (ii) perform its obligations under the Agreement to be performed at or before the Closing.

2.3. Assumption of Liabilities.

At the Closing, Buyer shall execute and deliver to PCC the Assignment and Assumption Agreements and such other documents and instruments as may be necessary for Buyer to assume all of the Assumed Liabilities. Buyer shall not assume or have any responsibility, however, with respect to any Liability of PCC Parent, PCC, the PCC Group or the Asset Sale Companies that is not an Assumed Liability.

2.4. Proration of Liabilities.

PCC and Buyer shall cooperate with each other to provide for payments due with respect to the Assumed Liabilities and the Retained Liabilities during the payment period in which the Closing occurs with all such Liabilities prorated as of the Closing Date, if applicable.

2.5. Indemnification and Guaranty Agreement.

At the Closing, PCC, PCC Parent, Buyer's Ultimate Parent and Buyer shall execute and deliver the Indemnification and Guaranty Agreement.

2.6. Cooperation Agreement.

At the Closing, PCC and Buyer shall, and PCC shall cause PCC Parent to, execute and deliver the Cooperation Agreement pursuant to which Buyer, PCC Parent and PCC shall provide each other certain information and other assistance in connection with the collection, administration and/or satisfaction of certain of the Retained Liabilities.

2.7. Administrative Services Agreement.

At the Closing, PCC and Buyer shall execute and deliver the Administrative Services Agreement pursuant to which PCC or one of its Affiliates will provide certain services to Buyer and the Asset Sale Companies for a transition period.

2.8. D-R Service Agreement.

At the Closing, PCC and Buyer shall execute and deliver the D-R Service Agreement pursuant to which Buyer will cause one of its Affiliates to perform reclamation and other services on idle properties.

2.9. Security Agreement.

At the Closing, in order to secure Buyer's obligations under the Promissory Note, PCC and Buyer shall execute and deliver the Security Agreement.

2.10. Additional Documents.

At the Closing, PCC and Buyer shall, and PCC shall cause the Asset Sale Companies to, execute and deliver all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement, including the documents provided in Section 5.6 hereof and in this Article II.

2.11. Coal Inventory Adjustment.

- (a) In accordance with the provisions of this Section 2.11, Buyer shall pay PCC the amount, if any, by which the value of the Coal Inventory (as calculated in accordance with Sections 2.11(b)) is finally determined to be greater than \$3,180,000. Such payment shall constitute an adjustment to the Purchase Price and shall be paid by fixing the face amount of the Promissory Note within one business day after the completion of the procedures contemplated in Sections 2.11(b).
- (b) No later than three days before the Closing Date, the parties will agree upon the density of the various stockpiles that constitute the Coal Inventory. No later than two business days prior to the Closing Date, PCC and Buyer shall cause PennTree Engineering (the "Independent Surveyor") to prepare and deliver to each of them a survey of all Coal Inventory of the Asset Sale

Companies as of the Closing, which survey shall be conducted in accordance with the principles set forth on and shall be in substantially the format attached hereto as part of Schedule 2.11(b). PCC and Buyer shall, and shall cause their respective Affiliates to, cooperate with and make available any information reasonably requested by the Independent Surveyor in its preparation of its survey of the Coal Inventory. All determinations made by the Independent Surveyor in its survey of the Coal Inventory shall be final, binding and conclusive on the parties. PCC and Buyer shall each bear fifty percent of the fees and costs of the Independent Surveyor and any other third party incurred in connection with the calculation of the Coal Inventory pursuant to this Section 2.11(b).

2.12. Allocation of Purchase Price and Assumed Liabilities.

The Purchase Price and the Assumed Liabilities (to the extent they constitute part of the amount realized for federal Income Tax purposes) shall be allocated among the Purchased Assets in accordance with a schedule to be agreed upon by Buyer and PCC after the Closing Date. Buyer shall prepare such allocation schedule and deliver it to PCC upon a date to be agreed upon between the parties, which date shall be no later than 60 days after the Closing Date. PCC shall be deemed to agree with such allocation schedule unless, within ten (10) days after the date PCC receives the allocation schedule from Buyer, PCC notifies Buyer in writing of (i) each allocation with which it disagrees and (ii) for each such allocation, the amount that PCC proposes to allocate. If PCC provides such notice to Buyer, the parties shall proceed in good faith to resolve mutually the disputed allocation amounts within fifteen (15) days after the date on which PCC notifies Buyer of a disagreement with Buyer's proposed allocation. If PCC and Buyer cannot resolve any such differences, the parties agree to submit such differences to arbitration in Abingdon, Virginia, by the

accounting firm of Deloitte & Touche, LLP or another accounting firm mutually acceptable to both parties (the "CPA Arbitrator") to resolve such differences. The CPA Arbitrator shall make such review and examination of the relevant facts and documents as the CPA Arbitrator deems appropriate and shall permit each of Buyer and PCC to make a written presentation of their respective positions. Within forty-five (45) days after submission of such dispute by both parties, the CPA Arbitrator shall resolve such dispute in writing and shall prepare and deliver its decision, which shall (i) be based upon a determination of the fair market value of the Purchased Assets, (ii) defer to valuations that have been prepared in accordance with generally accepted valuation techniques absent manifest error, (iii) be final and binding upon the parties without further recourse or collateral attack and (iv) accept either Buyer's or PCC's position in its entirety. The party whose position is not accepted by the CPA Arbitrator shall pay all fees and costs of such CPA Arbitrator to arbitrate such dispute. The allocation schedule shall include, at a minimum, information necessary to complete Part II of IRS Form 8594. The allocation to the Purchased Assets is intended to comply with the requirements of Section 1060 of the Code. The parties shall cooperate to comply with all substantive and procedural requirements of Section 1060, and except for any adjustment to the Purchase Price hereunder, after the completion and agreement by the parties to the allocation schedule, such allocation schedule shall be adjusted only if and to the extent necessary to comply with such requirements of Section 1060. Buyer and PCC agree that they will not take nor will they permit any Affiliate to take, for Income Tax purposes, any position inconsistent with such allocation schedule to the Purchased Assets; provided, however, that (i) Buyer's cost for the Purchased Assets may differ from the total amount allocated hereunder to reflect the inclusion in the total cost of items (for example, capitalized acquisition

costs) not included in the total amount so allocated and (ii) the amount realized by the Asset Sale Companies may differ from the total amount allocated hereunder to reflect transaction costs that reduce the amount realized for federal Income Tax purposes.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PCC

PCC hereby represents and warrants to Buyer that the statements contained in this Article III are correct and complete, except as set forth in the Schedules delivered by PCC to Buyer in connection with this Agreement. The Schedules are arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Article III.

3.1. Incorporation.

PCC and each of the Asset Sale Companies are corporations duly organized, validly existing and in good standing under the Laws of the respective state or commonwealth of each such company's incorporation. PCC and each of the Asset Sale Companies that is not a corporation incorporated under the Laws of Virginia are duly qualified or licensed to transact business as a foreign corporation in Virginia and are in good standing under the laws of Virginia. Set forth on Schedule 3.1 is the name of each state or other jurisdiction in which each such company has either paid taxes or had an office in the three years prior to the date of this Agreement.

3.2. Execution, Delivery and Performance.

The execution, delivery and performance by PCC of this Agreement and by PCC and the applicable Asset Sale Company of each other agreement or instrument to which it is a party executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both: (i) conflict with, or result in a violation or breach of, or a default, right to

accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of PCC's or any Asset Sale Company's Articles of Incorporation or Bylaws or of any material franchise, mortgage, deed of trust, Lien, lease, license, instrument, agreement, consent, approval, waiver or understanding to which PCC or any Asset Sale Company is a party or by which any Asset Sale Company is bound, or any Law or any order, judgment, writ, injunction or decree to which PCC or any Asset Sale Company is a party or by which PCC, any Asset Sale Company or the Purchased Assets may be bound or affected; (ii) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or, except as set forth on Schedule 1.81, contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or Permit issued by a Governmental Authority that is held by PCC or the Asset Sale Companies or that otherwise relates to the Purchased Assets; or (iii) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which PCC or any Asset Sale Company is subject.

3.3. Authorization.

PCC has full power and authority to enter into and deliver this Agreement and to perform its obligations hereunder and each of PCC and the Asset Sale Companies has full power and authority to enter into and deliver each other agreement or instrument to which it is a party executed in connection herewith and delivered pursuant hereto and to perform its obligations thereunder. PCC's execution, delivery and performance of this Agreement and the execution, delivery and performance of all other agreements and instruments by PCC and each of the Asset Sale Companies in connection herewith and delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of PCC and each of the Asset Sale Companies. This Agreement and all other agreements or instruments executed by PCC or any of the Asset Sale Companies in connection herewith and delivered by PCC or any of the Asset Sale Companies pursuant hereto have been duly executed and delivered by PCC or such Asset Sale Companies and this Agreement and all other agreements and instruments executed by PCC or any of the Asset Sale

Companies in connection herewith and delivered by PCC or any of the Asset Sale Companies pursuant hereto constitute the legal, valid and binding obligation of PCC or such Asset Sale Company, as the case may be, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

3.4. Absence of Changes.

Except as contemplated by this Agreement, since December 31, 2001, none of the Asset Sale Companies has, with respect to the Purchased Assets:

- (a) borrowed or agreed to borrow any funds or incurred, or become subject to, any Liability, or issued any note, bond or other debt security, or guaranteed any indebtedness for borrowed money or capitalized lease obligation, except Liabilities incurred in the Ordinary Course of Business, none of which would reasonably be expected to result in an impact greater than \$100,000;
- (b) paid any Liability other than current Liabilities in the Ordinary Course of Business;

- (c) sold, transferred or otherwise disposed of, or agreed to sell, transfer or otherwise dispose of any of the Equipment or Real Property, or, other than in the Ordinary Course of Business, any other Purchased Assets, or canceled or otherwise terminated, or agreed to cancel or otherwise terminate, other than in the Ordinary Course of Business, any Permits;
- (d) except in the Ordinary Course of Business, entered into any agreement, contract, lease or license (or series of related agreements, contracts, leases and licenses) or made or permitted any material amendment to or termination, acceleration, modification or cancellation of any Contract or breached any provision of any Contract;
- (e) merged or consolidated with any other Person;
- (f) mortgaged, pledged or subjected to any Lien any of its assets or properties, other than Permitted Liens;
- (g) made any capital expenditure (or series of related capital expenditures) either (x) involving more than \$100,000 or (y) outside the Ordinary Course of Business;
- (h) made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans and acquisitions) either (x) involving \$100,000 or (y) outside the Ordinary Course of Business;
- (i) delayed or postponed the payment of accounts payable and other Liabilities outside the Ordinary Course of Business;

- (j) cancelled, compromised, waived or released any right or claim (or series of related rights and claims) either (x) involving more than \$100,000 or (y) outside the Ordinary Course of Business;
- (k) made any loan to, or entered into any other transaction with, any of the directors, officers and employees of such Asset Sale Company outside the Ordinary Course of Business;
- (l) entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract;
- (m) except in the Ordinary Course of Business adopted, amended, modified or terminated any bonus, profit-sharing, incentive, severance or other plan, contract or commitment for the benefit of any of the directors, officers and Employees of the Asset Sale Companies, or taken any such action with respect to any other Employee Benefit Plan;
- (n) made any other change in employment terms for any of the directors, officers and Employees of the Asset Sale Companies outside the Ordinary Course of Business;
- (o) suffered any damage, destruction or loss, whether or not covered by insurance, that has had or would reasonably be expected to have a Material Adverse Effect;
- (p) implemented or adopted any change in its accounting methods or principles or the application thereof; or
- (q) entered into any agreement, arrangement or understanding with respect to any of the foregoing.

3.5. Real Property.

- (a) PCC has made available to Buyer all deeds, leases, bills of sale, documents of title, abstracts, surveys, plats and maps in the possession of the Asset Sale Companies or their Affiliates that relate to the Real Property. With respect to the Real Property:
 - (i) the Asset Sale Companies have marketable title to the owned Real Property, taken as a whole, and the Real Property is free and clear of any Lien (other than Permitted Liens);
 - (ii) there are no pending or, to the Knowledge of PCC, threatened condemnation proceedings, lawsuits, or administrative actions relating to the Real Property;
 - (iii) the legal description for the parcels contained in the deed thereof describes such parcel fully and adequately, and the buildings and improvements are located within the boundary lines of the described parcels of land;
 - (iv) none of the Asset Sale Companies have been notified that any buildings or improvements located on the Real Property are in violation of applicable zoning laws and ordinances; and
 - (v) there are no outstanding options or rights of first refusal to purchase the parcel of Real Property, or any portion thereof or interest therein.
- (b) Schedule 1.91 identifies the coal leases, coal subleases and surface leases that comprise a portion of the Real Property. PCC has made available to Buyer all coal leases, coal subleases and surface leases listed on Schedule 1.91. With respect to each such lease and sublease:

- (i) the lease or sublease is legal, valid, binding, enforceable, and in full force and effect;
 - (ii) except for the consents set forth on Schedule 3.10(c) that are required to be obtained and the notices given, the lease or sublease will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to above);
 - (iii) no Asset Sale Company nor, to the Knowledge of PCC, any other party to the lease or sublease is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;
 - (iv) no Asset Sale Company nor, to the Knowledge of PCC, any other party to the lease or sublease has repudiated any provision thereof; and
 - (v) none of the Asset Sale Companies has assigned, transferred, conveyed or subjected to a Lien any interest in the leasehold or subleasehold, other than those created pursuant to the terms of that lease or sublease.
- (c) There is not any third party adverse claim to any of the Real Property, other than Permitted Liens, and, to the Knowledge of PCC, no party is in wrongful possession of any parcel of the Real Property.
- (d) PCC has made available to Buyer geological data, reserve data, mine maps, core hole logs and associated data, coal measurements, coal samples, lithologic data, coal reserve calculations or reports, washability analyses or reports, mine plans, mining

permit applications and supporting data, engineering studies and all other information, maps, reports and data in the possession of the Asset Sale Companies and relating to or affecting the Real Property, including the coal reserves, coal ownership, coal leases to the Asset Sale Companies, coal leases from the Asset Sale Companies to third parties, mining conditions, mines, and mining plans of the Asset Sale Companies as prepared and utilized by the Asset Sale Companies in their day to day Mining Activities (collectively, the "Mining Data"). NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, BUYER ACCEPTS THE ASSET SALE COMPANIES' COAL RESERVES IN OR UNDER THE REAL PROPERTY, AS IS, WHERE IS, TOGETHER WITH THE MINING DATA, FREE OF ANY WARRANTY (EXPRESS OR IMPLIED) WITH REGARD TO THE MINEABILITY, WASHABILITY, RECOVERABILITY, VOLUME, OR QUANTITY OR QUALITY OF ANY COAL RESERVE. The coal reserves mined by the Asset Sale Companies (whether such reserves are owned or leased by the Asset Sale Companies) are not subject to any mining rights of any other Person.

3.6. Purchased Assets.

- (a) The Asset Sale Companies (i) own good and transferable title to all of the Purchased Assets, other than Real Property, free and clear of all Liens and restrictions on transfer, other than Permitted Liens or (ii) lease such Purchased Assets under a valid and enforceable lease (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights). No rights of the Asset Sale Companies under such leases have been assigned or otherwise transferred as security for any obligation of the Asset Sale Companies. The consummation of the transactions

contemplated by this Agreement will not create or constitute, either with or without notice or the passage of time a default or event of default under any such lease or require the consent of any other party to such lease in order to avoid a default or event of default.

- (b) Except for the items set forth on Schedule 1.95(y), the Purchased Assets include all tangible and intangible assets owned by the Asset Sale Companies and used in the Business.
- (c) The Equipment that is currently in use has been maintained in accordance with normal industry practice and is suitable for the purposes for which the Asset Sale Companies are presently using such Equipment.
- (d) The value of the Parts, Fuel and Supplies Inventory as of the Closing Date shall be at least \$880,000.

3.7. Intellectual Property.

No third party has asserted any interest in the Intellectual Property, nor has any third party alleged that any Asset Sale Company has infringed on any Intellectual Property of any third party. To the Knowledge of PCC, none of the Asset Sale Companies interferes with, infringes upon, misappropriates, or otherwise comes into conflict with, any Intellectual Property rights of third parties as a result of the continued operation of the Business as presently conducted.

3.8. Permits and Environmental Compliance.

- (a) Each Asset Sale Company is in material compliance with all Environmental Laws related to the Purchased Assets. Neither PCC nor any Asset Sale Company (such Persons being hereafter referred to in this Section 3.8 as "Operators") has been notified by any

Governmental Authority of any current, alleged or unresolved violation of any Environmental Laws applicable to Mining Activities, including any investigatory, remedial or corrective obligations, that would result in (i) closure, suspension or restriction of any mine or mining-related activity on the Real Property, (ii) revocation or suspension of any license or Permits, or (iii) exposure of Buyer to the imposition of any fines or other civil or criminal monetary penalty in excess of \$5,000. The Permits include all material permits, licenses, franchises and other authorizations necessary to conduct the Mining Activities as currently conducted and the Asset Sale Companies are in material compliance with all such Permits. No such Permit is the subject of any proceeding by or in front of any Governmental Authority that might affect its validity and no such proceeding is pending or, to the Knowledge of PCC, threatened.

- (b) PCC has made available to Buyer true and complete copies of (i) the Permits, (ii) all of the mining permits and other permits held by each Operator pertaining to the Purchased Assets, together with a description of the permitted property or facility, the amount of the bond for each such Permit and the surety for each such bond or manner in which each such bond has otherwise been posted, (iii) all other licenses, franchises, certificates, concessions and other governmental approvals and authorizations held by each Operator pertaining to the Purchased Assets, as amended, supplemented and modified through the date hereof, and (iv) any and all pending applications for additional mining permits and other licenses and authorizations that have been submitted to any governmental agency by an Operator pertaining to the Purchased Assets or are in the process of development either in-house or through consultants.

- (c) Schedule 3.8 includes a true and complete list of all of the citations, notices of non-compliance and notices of violation received by each Operator with respect to the Purchased Assets from the Virginia Department of Mines, Minerals and Energy ("VDMME"), the Virginia Department of Environmental Quality ("VDEQ"), the federal Environmental Protection Agency ("EPA"), the federal Office of Surface Mining ("OSM"), the federal Mine Safety and Health Administration ("MSHA"), or any other Governmental Authority that remain outstanding. No Operator is subject to any cessation orders, cease and desist orders, closure orders or show cause orders issued by VDMME, VDEQ, EPA, OSM, MSHA, or any such other Governmental Authority with respect to the Purchased Assets.
- (d) With respect to the Purchased Assets, each Operator is in material compliance with all of the requirements of the Surface Mining Control and Reclamation Act of 1977 ("SMCRA"), the Federal Mine Safety and Health Act of 1977, as amended, all similar statutes of the Commonwealth of Virginia, and all rules and regulations promulgated under those Acts and statutes by OSM, MSHA, VDMME, VDEQ and any other Governmental Authority. With respect to the Purchased Assets, no Operator has been subjected to any bond forfeiture, permit suspension or revocation, or similar effort and proceedings instituted by OSM, VDMME or any other Governmental Authority.
- (e) To the Knowledge of PCC, after the Closing, Buyer will not be liable for any fines, penalties, fees, Taxes or other governmental charges assessed with respect to notices of violation, cessation orders, closure orders, show cause orders or other governmental enforcement actions issued prior to Closing with respect to the Purchased Assets. Neither this Agreement nor the consummation of the transactions that are the subject of this

Agreement will result in any Buyer Liabilities for site investigation or cleanup, or notification to or consent of any Governmental Agency or third parties, pursuant to any of the so-called "transaction-triggered" or "responsible property transfer" Environmental Laws. The representation in the previous sentence does not relate to any matters for which Buyer has the responsibility, pursuant to this Agreement, to notify any Governmental Authority or to otherwise process with any Governmental Authority in connection with the transfer of any Permit.

- (f) None of the Purchased Assets is identified on (i) the current or proposed National Priorities List under 40 C.F.R. ss. 300, (ii) the Comprehensive Environmental Response, Compensation and Liability Inventory System ("CERCLIS") list, or (iii) any list arising from a federal, state or local statute similar to CERCLA. To the Knowledge of PCC, the Real Property is not Contaminated with any Hazardous Substance.

- (g) (A) None of the Purchased Assets has been or is being used in any manner associated with the production, manufacture, processing, generation, storage, treatment, disposal, management, shipment or transportation of Hazardous Substances and no such Purchased Assets are Contaminated by any Hazardous Substance; (B) there are no underground storage tanks regulated pursuant to RCRAss. 9001 (42 U.S.C. ss. 6991) or equivalent authorized state program, and no above ground storage tanks, located at, on, in or under the Purchased Assets; (C) there is no asbestos-containing material in any form or condition located at, on, in or under the Purchased Assets; (D) there are no materials or equipment containing polychlorinated biphenyls located at, on, in or under the Purchased Assets, (E) there are no landfills or other areas located at, on, in or under the Purchased Assets where Hazardous Substances have been disposed, and (F) neither PCC nor any Asset

Sale Company has disposed of any Hazardous Substance at any offsite disposal area located on the property of any other Person, other than a facility permitted by any Governmental Authority with jurisdiction to receive such Hazardous Substance.

- (h) No Asset Sale Company has, with respect to the Purchased Assets, either expressly or by operation of Law, assumed or undertaken any Liability, including without limitation, any Liability for corrective or remedial action, of any other Person relating to any Environmental Laws.
- (i) To the Knowledge of PCC, no conditions existing as of the Closing Date and relating to the Purchased Assets or the activities of the Asset Sale Companies or any of their respective predecessors or Affiliates will prevent or materially hinder Buyer's compliance with Environmental Laws, require Buyer to undertake any investigatory, remedial or corrective actions pursuant to Environmental Laws or impose upon Buyer any other Liabilities pursuant to Environmental Laws, including without limitation, any Environmental Laws relating to onsite or offsite releases or threatened releases of Hazardous Substances or imposing Liability for personal injury, property damage or natural resource damage.

3.9. Reclamation Bonds.

Schedule 3.9 contains a list of all bonds, including guaranties, indemnities, letters of credit and other forms of surety, posted by and/or for the benefit of the Asset Sale Companies to secure the performance of their respective reclamation or other Liabilities pursuant to, in connection with or as a condition of, the Permits (collectively, the "PCC Bonds"). The PCC Bonds are sufficient to permit the Asset Sale Companies and their Affiliates to conduct the Mining Activities in compliance with Laws and are in full force and effect.

3.10. Contracts.

- (a) PCC has made available to Buyer copies of all of the written Contracts, or a written summary setting forth the terms and conditions where no copies exist, including all amendments, modifications, waivers and elections applicable thereto.
- (b) As to the Asset Sale Companies party thereto: (i) the Contracts are valid and binding, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights), and are in full force and effect; (ii) the consummation of the transactions contemplated herein will not, with or without the giving of notice or the passage of time, or both, conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under the Contracts; (iii) no Asset Sale Company, nor to the Knowledge of PCC, any other party is in material breach or default, and no event has occurred that, with notice or lapse of time, would constitute a breach or default, or permit termination, modification or acceleration, under the Contracts; and (iv) no Asset Sale Company, nor to the Knowledge of PCC, any other party has repudiated any provision of the Contracts.
- (c) Schedule 3.10(c) sets forth the consents and approvals of third parties and Governmental Authorities required to be obtained as a result of the transactions contemplated by this Agreement.

3.11. Litigation; Claims.

- (a) Schedules 3.5(c), 3.8 and 3.11 list all claims, legal actions, suits, litigation, arbitrations, disputes, investigations, proceedings by or before any Governmental Authority involving more than \$100,000 and all orders, decrees or judgments, now

pending or in effect, or, to the Knowledge of PCC, threatened or contemplated, against or affecting the Asset Sale Companies, the Purchased Assets, or the consummation of the transactions contemplated by this Agreement, except to the extent involving Taxes for Pre-Closing Periods. Schedule 3.11 also lists all grievances and arbitrations that are pending against the Asset Sale Signatory Company as of the Closing Date.

- (b) There are no existing claims by or disputes involving more than \$100,000 with Persons owning or occupying lands or realty adjoining or near any of the Real Property regarding Mining Activities by the Asset Sale Companies or regarding the location of boundary lines, encroachments, mineral rights, subsidence, water quantity or quality, blasting damage, transportation of coal or other materials, nuisances or any other similar matter.

3.12. Employee Benefits.

- (a) Schedule 3.12(a) contains a list of all "employee benefit plans" (as defined in Section 3(3) of ERISA) and all other employee benefit plans, programs or arrangements, including each severance pay, bonus, deferred compensation, incentive compensation, stock purchase, stock option or other equity-based compensation, death benefit, group insurance, hospitalization or other medical, dental, health, life (including all individual life insurance policies as to which any of the Asset Sale Companies is the owner, beneficiary or both), disability or other insurance, Code Section 125 "cafeteria" or "flexible" benefit plan, pension, savings, profit-sharing or retirement plan, program or arrangement: (i) under which Employees or former Employees are entitled to participate by reason of their employment with any of the Asset Sale Companies or their respective ERISA Affiliates,

whether or not any of the foregoing is funded, whether insured or self-funded, and with respect to which any of the Asset Sale Companies are a party or a sponsor or a fiduciary thereof or by which any of the Asset Sale Companies are bound; or (ii) with respect to which any of the Asset Sale Companies otherwise may have, as of the Closing Date, any direct or indirect Liability (the "Employee Benefit Plans"). Schedule 3.12(a) identifies: (i) each Employee Benefit Plan that is a "pension plan" (as defined in Section 3(2) of ERISA) (other than the UMWA Pension Plans) (the "Pension Plans"), and denotes those Pension Plans intended to be qualified under Section 401(a) of the Code (the "Qualified Plans"); (ii) each Employee Benefit Plan that is a "multiemployer plan" (as defined in Section 3(37) or Section 4001(a)(3) of ERISA) (a "Multiemployer Plan"); and (iii) each Employee Benefit Plan that is a "welfare plan" (as defined in Section 3(1) of ERISA) (the "Welfare Plans"). PCC has delivered to Buyer correct and complete copies of the Medical Plans maintained by the Asset Sale Signatory Company pursuant to any of the Collective Bargaining Agreements and the most recent Form 5500 Annual Report for such Medical Plans.

- (b) Each Qualified Plan meets the requirements of a "qualified plan" under Code Section 401(a) and has received, pursuant to a request that accurately described such Qualified Plan, a favorable determination letter from the IRS to the effect that the form of such Qualified Plan satisfies the requirements of Section 401(a) of the Code and that its related trust is exempt from taxation under Section 501(a) of the Code. To the knowledge of PCC, there are no facts or circumstances that would jeopardize or adversely affect in any material respect the qualification under Code Section 401(a) of any Qualified Plan.

- (c) As of the Closing Date, full payment to each Employee Benefit Plan of all contributions (including all employer contributions and employee salary reduction contributions) that are required to be made by the Asset Sale Companies under the terms thereof and under the Collective Bargaining Agreements, ERISA or the Code in respect of the current and prior plan years, if any, have been made for all Employee Benefit Plans (except for The Savings and Investment Plan of The Pittston Company and Its Subsidiaries, which payment shall be made as soon as possible after the Closing Date). All contributions that are required to be made by the Asset Sale Companies for any period ending on or before the Closing Date that are not yet due have been paid to each such Employee Benefit Plan or accrued in accordance with the past custom and practice of the Asset Sale Companies. All premiums that are due on or before the Closing Date have been paid with respect to each such Welfare Plan. As of the latest actuarial determination, no "accumulated funding deficiency" (as defined in Section 302 of ERISA or Section 412 of the Code), whether or not waived, exists with respect to any Pension Plan. The present value of all accumulated benefit obligations under each Qualified Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standard No. 87) did not as of the last annual valuation date applicable thereto exceed the fair market value of the assets of such Qualified Plan. No "reportable event" within the meaning of Section 4043 of ERISA has occurred in connection with any of the Pension Plans.
- (d) Employee Benefit Plan Compliance.
- (i) Each Employee Benefit Plan (other than the Multiemployer Plans) has been administered substantially in accordance with its terms;

- (ii) each Employee Benefit Plan (other than the Multiemployer Plans) and each related trust, insurance contract or fund complies in form and in operation and has been administered substantially in accordance with any applicable provisions of ERISA, the Code and all other Laws, all reports, returns and other documentation (including Form 5500 Annual Reports and PBGC-1s) that are required to have been filed with the IRS, the United States Department of Labor, the PBGC or any other Governmental Authority have been filed on a timely basis in each instance in which the failure to file such reports, returns and other documents would result in any material Liability to PCC or the Asset Sale Companies;
 - (iii) other than routine claims for benefits, no Liens, lawsuits or complaints to or by any Person or Governmental Authority have been filed or, to the Knowledge of PCC, are contemplated or threatened, with respect to any Employee Benefit Plan (other than the Multiemployer Plans) except for those that would not reasonably be expected to result in any material Liability to PCC or the Asset Sale Companies.
- (e) Neither PCC nor any of the Asset Sale Companies has received a written notice of, or incurred, any withdrawal liability with respect to a Multiemployer Plan.
- (f) The consummation of the transactions contemplated by this Agreement will not (i) entitle any Person to severance pay for which Buyer will be liable after the Closing; (ii) accelerate the time of payment or vesting of, increase the amount of, or satisfy a condition to the compensation due to any Person under any Employee Benefit Plan for which Buyer will be liable after the Closing; or (iii) result in the payment of an amount that could,

individually or in combination with any other such payment, constitute an "excess parachute payment" under Code Section 280G(b)(1).

- (g) No "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) has occurred with respect to any Employee Benefit Plan subject to ERISA, other than such a transaction subject to an administrative or statutory exemption, with respect to which a Tax, penalty or other amount may reasonably be expected to be imposed on any of the Asset Sale Companies or their respective ERISA Affiliates.
- (h) Neither the PCC Parent, PCC, the Asset Sale Companies nor any of their respective ERISA Affiliates, nor any organization with respect to which any such entity is a successor or parent corporation, within the meaning of Section 4069(b) of ERISA, has engaged in any transaction described in Sections 4069 or 4212(c) of ERISA.
- (i) Each Pension Plan that is not qualified under Code Section 401(a) or 403(a) is exempt from Parts 2, 3 and 4 of Title I of ERISA as an unfunded plan that is maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, pursuant to ERISA Sections 201(2), 301(a)(3) and 401(a)(1).
- (j) No assets of any of the Asset Sale Companies are allocated to or held in a "rabbi trust" or similar funding vehicle.
- (k) Neither the PCC Parent, PCC, the Asset Sale Companies nor any of their respective ERISA Affiliates has received any notification that any Multiemployer Plan is in reorganization (within the meaning of Section 4121 of ERISA), is insolvent (within the

meaning of Section 4245 of ERISA) or has been terminated (within the meaning of Title IV of ERISA), and to the Knowledge of PCC, no Multiemployer Plan is reasonably expected to be in reorganization, insolvent or terminated.

- (1) No Welfare Plan is a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA.

3.13. Employment Matters.

- (a) The Asset Sale Non-Signatory Company is not a party to, bound by, or negotiating with respect to any agreement with any labor union, association or other employee group, nor is any unit of Employees of the Asset Sale Non-Signatory Company represented by any labor union or similar association. No labor union or employee organization has been certified or recognized as the collective bargaining representative of any Employees of the Asset Sale Companies. To the Knowledge of PCC, there are no union organizational campaigns or representation proceedings underway or threatened with respect to any Employees of the Asset Sale Non-Signatory Company, nor are there any existing or threatened labor strikes, work stoppages, slowdowns, grievances, unfair labor practice charges, discrimination charges or labor arbitration proceedings affecting Mining Activities at or deliveries to any mine or other facility of any of the Asset Sale Companies. Each of the Asset Sale Companies has been and is in compliance with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance would not reasonably be expected to impose any material Liability on the Asset Sale Companies.

- (b) To the Knowledge of PCC, Schedule 3.13(b) sets forth the panels of Employees Buyer must assume as part of its assumption of the Asset Sale Signatory Company's obligations under the Collective Bargaining Agreements.

3.14. No Broker.

None of the Asset Sale Companies, PCC or the PCC Parent has had any dealings, negotiations or communications with or retained any broker or other intermediary in connection with the transactions contemplated by this Agreement and none of the foregoing is committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby, other than Rothschild Inc., who shall be compensated solely by PCC or an Affiliate of PCC.

3.15. Health and Safety Requirements.

As it relates to the Purchased Assets, each of the Asset Sale Companies has complied with all applicable Health and Safety Requirements and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice is currently outstanding against any of them alleging any failure to so comply, except for those that would not reasonably be expected to have a Material Adverse Effect.

3.16. Restrictions on Business Activities.

Except for this Agreement, there is no agreement, judgment, injunction, order or decree binding upon PCC or any of the Asset Sale Companies that has or would reasonably be expected to have the effect of prohibiting the conduct of the Business.

3.17. Powers of Attorney.

There are no outstanding powers of attorney executed on behalf of any of the Asset Sale Companies affecting the Purchased Assets.

3.18. Transactions With Affiliates.

The Contracts do not include any Liability between any Asset Sale Company and any Affiliate of such Asset Sale Company. At the Closing, the Purchased Assets will not include any receivable or other Liability from an Affiliate of any Asset Sale Company.

3.19. Absence of Certain Payments.

During the five (5) year period prior to the date of this Agreement, to the Knowledge of PCC, none of the Asset Sale Companies have (nor has any director, officer, agent, or employee of any Asset Sale Company nor any other person, acting on behalf of any Asset Sale Company) directly or indirectly: used any of such company's funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from such company's funds; violated any provision of the Foreign Corrupt Practices Act of 1977 applicable to such company; established or maintained any unlawful or unrecorded fund of such company's monies or other assets; made any false or fictitious entry on the books or records of such company; or made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment, to any person or entity, private or public, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions for such company, or to pay for favorable treatment for business secured or for special concessions already obtained for such company.

3.20. Disclosure.

The representations and warranties contained in this Article III do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article III not misleading.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to PCC that:

4.1. Organization.

Buyer is a duly formed limited liability company, validly existing and in good standing under the Laws of the State of Delaware.

4.2. Execution, Delivery and Performance.

The execution, delivery and performance of this Agreement and each other agreement or instrument executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both, (i) conflict with, or result in a violation or breach of, or a default, right to accelerate or loss of rights under, or result in the creation of any Lien, under or pursuant to, any provision of Buyer's organizational documents or of any franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding, any Law, or any finding, order, judgment, writ, injunction or decree to which Buyer is a party or by which Buyer or its respective assets may be bound or affected; or (ii) require the approval, consent or authorization of, or prior notice to, filing with or registration with, any Governmental Authority, or any other Person or entity; provided that this Section 4.2 shall not apply to any requirement of Buyer to obtain any consent of the applicable Governmental Authority to transfer or modify the Permits.

4.3. Authorization.

Buyer has full power and authority to enter into and deliver this Agreement, and each other agreement or instrument (to which it is a party) executed in connection herewith or delivered pursuant hereto and to perform its obligations hereunder and thereunder. Buyer's execution, delivery and

performance of this Agreement and all other agreements and instruments executed in connection herewith or delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite action. This Agreement and all other agreements or instruments executed by Buyer in connection herewith or delivered by Buyer pursuant hereto have been duly executed and delivered by Buyer and this Agreement and all other agreements and instruments executed by Buyer in connection herewith or delivered by Buyer pursuant hereto constitute Buyer's legal, valid and binding obligation, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

4.4. No Broker.

Buyer has had no dealings, negotiations or communications with any broker or other intermediary in connection with the transactions contemplated by this Agreement nor is it committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby.

4.5. Reclamation and Environmental Compliance.

Buyer and all operators it owns or controls are in compliance with all Environmental Laws and Reclamation Laws in all material respects, and are not "permit blocked" under the Applicant Violator System administered by the Department of the Interior.

4.6. Financing.

Buyer will have available to it, at the Closing, financial resources sufficient to consummate the transactions contemplated by this Agreement.

4.7. Disclosure.

The representations and warranties contained in this Article IV do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article IV not misleading.

ARTICLE V CERTAIN COVENANTS

5.1. Operation in Ordinary Course.

Except as provided in this Agreement, between the date of this Agreement and the Closing, PCC shall cause each of the Asset Sale Companies, in relation to the Purchased Assets, to: (i) carry on its business in the Ordinary Course of Business; (ii) use commercially reasonable efforts to preserve intact its current business organization, Mining Activities and properties until the Closing Date, and maintain the relations and good will with its suppliers, customers, landlords, creditors, agents, and others having business relationships with such Asset Sale Company; (iii) not enter into any contract or other obligation binding upon such Asset Sale Company involving its Employees, the UMWA, or an expenditure, purchase, sale, cost or commitment (unless such contract is cancelable in thirty or fewer days, involves less than \$100,000, or is for consumable purchases) without the prior written consent of Buyer; (iv) not settle or otherwise resolve any labor grievance or arbitration, without prior consent of Buyer, that (x) is listed on Schedule 1.9 or (y) could reasonably be expected to affect the operation of the Business after the Closing; and (v) report regularly to Buyer concerning the status of the business, Mining Activities and finances of such Asset Sale Company.

5.2. Compliance with Law.

Between the date of this Agreement and the Closing, each of the Asset Sale Companies shall comply in all material respects with all Laws and with all orders of any Governmental Authority.

5.3. Cooperation.

Subject to the terms and conditions herein provided, each of PCC and Buyer agrees to use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper and advisable under Law, to consummate and make effective the transactions contemplated by this Agreement. In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, PCC and Buyer will, and PCC will cause the Asset Sale Companies to, execute any additional instruments reasonably necessary to consummate the transactions contemplated hereby. Prior to and following the Closing Date, PCC shall make available to Buyer, at reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, all documents, maps and other information necessary to transfer all Permits to Buyer in accordance with Law.

5.4. Notices and Consents.

PCC and Buyer each will use their commercially reasonable efforts to obtain consents of all Governmental Authorities and other third parties necessary to the consummation of the transactions contemplated by this Agreement. PCC shall have responsibility for providing any notices to third parties that may be required by the transactions contemplated by this Agreement and for obtaining, or causing to be obtained, at its sole cost and expense, the consents listed on Schedule 5.4(a) and Buyer shall have responsibility for obtaining, at its sole

cost and expense, all consents listed on Schedule 5.4(b), which Schedule shall include all Equipment leases, and all consents necessary to transfer the Permits, with the other party in each case using its commercially reasonable efforts to assist the responsible party in obtaining such consents or Permits.

5.5. Publicity.

All general notices, releases, statements and communications to any Employees, suppliers, distributors and customers of the Asset Sale Companies, to the general public and to the press relating to the transactions contemplated by this Agreement shall be made only at such times and in such manner as may be mutually agreed upon by PCC and Buyer; provided, however, that either party hereto (or, in the case of PCC, the PCC Parent) shall be entitled to make a public announcement of the foregoing if: (a) in the opinion of its legal counsel, such announcement is required to comply with Law or any listing agreement with any national securities exchange or inter-dealer quotation system; and (b) such disclosing party gives a reasonable period of notice and opportunity to comment to the other party hereto of its intention to make such public announcement; provided, that, failure to comment within 24 hours of receipt of such notice shall be deemed a waiver of the opportunity to comment; and provided, further, that nothing in this Section 5.5 shall operate to prohibit any Asset Sale Company or Buyer from communicating, after the Closing Date, with their respective suppliers, distributors, customers and Governmental Authorities the fact that the transaction has occurred or to employees or their collective bargaining representative regarding their employment or the terms and conditions thereof, the operation of the Purchased Assets or matters necessarily related thereto.

5.6. Permits; Replacement Bonds; Insurance and Guarantees; Other Filings.

- (a) At or prior to the Closing Date, Buyer shall: (i) secure, in accordance with Law, irrevocable commitments to issue replacement bonds and replacement sureties and guarantees or other financial security, if applicable, for all Permits sufficient to cause the applicable Governmental Authority to transfer the Permits to Buyer in accordance with Law; and (ii) deliver copies of such documents to PCC.
- (b) At or prior to the Closing Date, Buyer shall deliver copies to PCC of all filings, each in a form that satisfies all requirements of the applicable Governmental Authority and that are necessary to cause the applicable Governmental Authority to transfer the Permits to Buyer in accordance with Law.
- (c) Promptly following the Closing Date through the application of best efforts, Buyer shall make all filings with the appropriate Governmental Authorities and shall, upon submitting such applications to transfer such Permits, post replacement bonds necessary under Laws to transfer the Permits to Buyer in accordance with Law.
- (d) Following the Closing Date, PCC will cause each of the Permits that is in its name or in the name of an Asset Sale Company to be retained in its name or in the name of such Asset Sale Company, as appropriate, until the applicable Governmental Authority transfers the Permits to Buyer. Buyer may rely on any related bonds held or guaranteed by PCC or an Affiliate of PCC; provided that Buyer reimburses PCC for bond premiums, security, Office of Surface Mining fees, amounts required to be paid to correct (and to pay fines or assessments with respect to) any violation occurring after the Closing Date and any direct out-of-pocket costs incurred by PCC or its Affiliates in connection with the maintenance of such Permits or the related bonds following the Closing Date. Buyer agrees to use the same efforts to accomplish

the transfer of the Permits as soon as possible after the Closing that it would use to obtain its own permits to commence immediate mining operations at any site.

- (e) To the extent allowed by and in accordance with applicable Law, PCC shall cause each of the Asset Sale Companies to grant Buyer the right to conduct Mining Activities on the properties included in the Purchased Assets under each of the Permits; provided that if the appropriate Governmental Authority has not transferred any Permit by the first anniversary of the Closing Date, Buyer will deposit in escrow cash or a letter of credit from a bank reasonably acceptable to PCC in an amount equal to the face amount of any related outstanding surety bonds until such Permit has been transferred.
- (f) If PCC or one of the Asset Sale Companies receives a notice of violation under any of the Permits following the Closing Date but before the transfer of the Permit, PCC will give Buyer prompt notice thereof. If PCC reasonably determines that Buyer will not cause such violation to be cured in a timely fashion, PCC shall have the right to cure, or cause to be cured, such violation itself and be reimbursed by Buyer for curing such violation.
- (g) At or prior to the Closing Date, Buyer shall have: (i) for purposes other than the Permits, secured replacement bonds, replacement sureties, guarantees or other financial security, if applicable, sufficient to allow PCC and the Persons who will be its Affiliates after the Closing Date to be relieved or released as of the Closing Date from all financial commitments, guarantees, collateral agreements or similar undertakings listed on Schedule 5.6; (ii) obtained property and liability insurance customary for a company that is engaged in the Business or a business similar to the Business to insure the Purchased Assets; and (iii) delivered copies of such documents to PCC.

- (h) On or prior to the Closing, Buyer shall deliver to PCC: (i) a Certificate of Good Standing for self-insured status or evidence of insurance coverage with respect to Buyer's Liabilities for workers' compensation and federal black lung benefits that arise out of employment by Buyer or any of its Affiliates of Employees on and after the Closing Date, to the extent and in the amounts provided in applicable Laws; and (ii) certification from the Department of Labor of approval of self-insured status in the event Buyer is to be self-insured for federal black lung claim liability.

5.7. Exclusivity.

PCC will not (nor will it cause or permit any of the Asset Sale Companies to) (i) solicit, initiate or encourage the submission of any proposal or offer from any Person relating directly or indirectly to the acquisition of the Purchased Assets, or any portion thereof, or (ii) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any Person to do or seek any of the foregoing. PCC will notify Buyer immediately if any Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing.

5.8. Access.

At or prior to the Closing Date, PCC will permit (and will cause each of the Asset Sale Companies to permit) representatives of Buyer to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, to all premises, properties, personnel, books, records (including Tax records), contracts and documents of or

pertaining to each of the Asset Sale Companies as related to the Purchased Assets. Copies of and access to accounting records, ledgers and other pertinent documents or work papers related to the Purchased Assets will be made available to Buyer at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, upon request.

5.9. Notice of Developments.

Each party will give prompt written notice to the other party of any material adverse development causing a breach of any of its own representations and warranties in Article III and Article IV above. No disclosure by any party pursuant to this Section 5.9, however, shall be deemed to amend or supplement the Schedules to such representations and warranties or to prevent or cure any misrepresentation, breach of warranty or breach of covenant.

5.10. Benefits Provided by PCC.

To the extent permitted and subject to the provisions of the Cooperation Agreement, PCC shall provide all benefits necessary to satisfy the Liabilities retained by PCC pursuant to Section 1.95(k) through its Classified Employee Retiree Medical Plans, or any successor thereto that may be negotiated by the Asset Sale Signatory Company or any of its Affiliates.

5.11. Coal Inventory.

PCC shall use its commercially reasonable efforts to have 390,000 tons of Coal Inventory as of the Closing Date.

5.12. Further Assurances.

The parties shall cooperate in a commercially reasonable manner with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated.

ARTICLE VI
CONDITIONS PRECEDENT TO CLOSING

6.1. Conditions Precedent to Each Party's Obligations.

The respective obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

- (a) no action, suit, proceeding, order, decree or injunction shall have been commenced, threatened or entered by or before any Governmental Authority that remains in force and that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business on or after the Closing Date;
- (b) PCC Parent, PCC, Buyer and Buyer's Ultimate Parent shall have executed and delivered to each other party thereto the Administrative Services Agreement, the Cooperation Agreement, the Indemnification and Guaranty Agreement, and the D-R Service

Agreement and any other documentation required in all transactions contemplated or covered by all such agreements, all in form and substance as set forth in Exhibits A, F, G and H attached hereto and the same shall be in full force and effect;

- (c) all other transactions pursuant to which Buyer or any of its Affiliates acquire assets related to the Business shall have been consummated prior to or simultaneously with the transactions contemplated by this Agreement;
- (d) PCC and Buyer shall have executed and delivered to each other all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement, including the documents provided in Section 5.6 hereof; and
- (e) PCC shall have obtained, or caused to have been obtained, the consents listed in Schedule 6.1(e)(i) and PCC shall have provided such payments as may be reasonably required to obtain all such consents. Buyer shall have obtained, or caused to have been obtained, the consents listed in Schedule 6.1(e)(ii) and Buyer shall have provided such payments, guarantees and/or assurances as may be reasonably required to obtain all such consents.

6.2. Conditions Precedent to Obligations of Buyer.

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

- (a) all of the representations and warranties of PCC set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or

limitation with respect to materiality (whether by reference to "Material Adverse Effect" or otherwise), shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be true and correct does not have a Material Adverse Effect; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date; provided, further, that revisions to Schedules 1.9V. (so long as such revision relates to a settlement, mediation, arbitration or litigation of employee grievances), 1.95(k)(1), 1.95(k)(3), 3.11(20 and 21) and 3.13(b) prior to the Closing shall not constitute a breach of any representation or warranty, and Buyer shall have received the PCC Closing Certificate required by Section 6.2(g) below dated as of the Closing Date executed by PCC to such effect;

- (b) all of the covenants and obligations that PCC is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;
- (c) all proceedings and actions, corporate or other, to be taken by PCC or the Asset Sale Companies in connection with the transactions contemplated by this Agreement and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to Buyer and Buyer's counsel;

- (d) PCC shall have, and shall have caused the Asset Sale Companies to have, executed and delivered the Bills of Sale, the Assignment and Assumption Agreements, the Conveyance Deeds and such other documents as may be necessary to convey to Buyer the Purchased Assets;
- (e) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;
- (f) Buyer shall have received an opinion of counsel to PCC addressed to Buyer substantially in the form of Exhibit J; and
- (g) Buyer shall have received an executed copy of the PCC Closing Certificate.

6.3. Conditions Precedent to Obligations of PCC.

The obligation of PCC to consummate and cause the consummation of the transactions contemplated by this Agreement is subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

- (a) all of the representations and warranties of Buyer set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality, shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be true and correct does not have a material adverse effect on Buyer's ability to consummate the transactions contemplated by

this Agreement or fulfill its post-Closing obligations hereunder; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and PCC shall have received Buyer's Closing Certificate required by Section 6.3(j) below dated as of the Closing Date executed by Buyer to such effect;

- (b) all of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;
- (c) all proceedings and actions, corporate or other, to be taken by Buyer in connection with the transactions contemplated by this Agreement, and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to PCC and its counsel;
- (d) PCC shall have received, on behalf of the Asset Sale Companies, the Purchase Price by wire transfer of cash or other immediately available funds and the execution and delivery by Buyer of the Promissory Note;
- (e) Buyer shall have executed and delivered the Security Agreement;
- (f) Buyer shall have executed and delivered the Assignment and Assumption Agreements and such other documents as may be necessary for Buyer to assume all of the Assumed Liabilities;
- (g) Buyer shall have delivered to PCC satisfactory evidence of compliance with Sections 5.6(a), 5.6(g) and 5.6(h);

- (h) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;
- (i) PCC shall have received an opinion of counsel to Buyer addressed to PCC substantially in the form of Exhibit K; and
- (j) PCC shall have received an executed copy of Buyer's Closing Certificate.

ARTICLE VII
CERTAIN TAX MATTERS

7.1. Property Taxes.

Property Taxes of the Asset Sale Companies with respect to the Purchased Assets (including, without limitation, property Taxes payable as a tenant or lessee under any lease) will be pro-rated as of the Closing Date and, notwithstanding any other provision of this Agreement, the economic burden of any such property Tax will be borne by (i) the Asset Sale Companies for all Pre-Closing Periods and the portion of any Straddle Period through the Closing Date and (ii) by Buyer for all Post-Closing Periods and the portion of any Straddle Period after the Closing Date. Accordingly, notwithstanding any other provision of this Agreement, (i) if any Asset Sale Company pays such a property Tax with respect to a Post-Closing Period or the portion of Straddle Period after the Closing Date, Buyer will reimburse PCC on behalf of such Asset Sale Company within 15 days after receiving from PCC written demand for the amount of such property Tax, and (ii) if Buyer pays such a property Tax with respect to a Pre-Closing Period or the portion of a Straddle Period through the Closing Date, PCC on behalf of the Asset Sale Companies will reimburse Buyer within 15 days after receiving from Buyer written demand for the amount of such property Tax.

For purposes of pro-rating property Taxes, the amount of any property Tax attributable to the portion of a Straddle Period through the Closing Date shall be deemed to be the amount of such property Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the Straddle Period through the Closing Date and the denominator of which is the number of days in the entire Straddle Period. In determining the Straddle Period for property Taxes, the Tax period as reflected on the statement of Taxes due, property Tax bill, property "tax ticket," or any other request for payment from a Governmental Authority will determine the taxable period (e.g., a Virginia property Tax bill that indicates the tax year as 2002 is for a Tax for the taxable period January 1, 2002 through December 31, 2002).

7.2. Sales and Use Taxes.

Buyer and PCC or the Asset Sale Companies hereby intend that the transaction be an occasional sale within the meaning of Virginia Code Section 58.1-602 and regulations thereunder, and therefore exempt from Virginia sales and use Tax pursuant to Virginia Code Section 58.1-609. PCC will be responsible for sales and use Taxes payable as a result of the failure of this transaction to qualify as an occasional sale or as an exempt transaction under any other Virginia law; provided, however, that any use Tax payable as a result of this transaction that would be payable regardless of whether the transaction qualifies as an occasional sale or not shall be paid by Buyer.

7.3. Transfer Taxes.

All transfer, recording and similar Taxes arising in connection with the transactions contemplated hereunder shall be borne equally by PCC and Buyer. PCC and Buyer shall (and they shall cause their respective Affiliates to) cooperate to comply with all Tax Return requirements for such Taxes and provide such documentation and take such other actions as may be necessary to minimize the amount of any such Taxes.

7.4. Access for Tax Returns.

Following the Closing Date, Buyer shall, at reasonable times, and in a manner so as not to interfere with normal business operations, allow PCC (and if requested by PCC, representatives of federal, state or local agencies) access to the Purchased Assets for purposes of reviewing information pertinent to any Tax Return filed by PCC Parent or any of its Affiliates, including the Asset Sale Companies.

ARTICLE VIII COVENANTS REGARDING EMPLOYEES

8.1. Employees.

- (a) Subject to the requirements of applicable Laws, but no later than immediately prior to the Closing, PCC will cause those Asset Sale Companies set forth on Schedule 8.1 to terminate the employment of their Employees with respect to the Purchased Assets.
- (b) From time to time after the Closing Date, PCC and Buyer may require information with respect to current or former Employees. Without intending to limit the obligations of the parties in the exchange of information with respect to any other matter or in accordance with the Cooperation Agreement, PCC and Buyer agree to furnish such information to the other, if available, promptly after receipt of a written request therefor.

8.2. Collective Bargaining Obligations.

Buyer acknowledges and agrees that the Asset Sale Signatory Company is signatory to and bound by the Collective Bargaining Agreements, which Collective Bargaining Agreements also pertain to assets other than the Purchased Assets. Immediately after the Closing Date, Buyer further agrees to assume all of the obligations arising after the Closing Date under the Collective Bargaining Agreements, which pertain to, or arise out of the Asset Sale Signatory Company's ownership of, the Purchased Assets.

ARTICLE IX
TERMINATION

9.1. Termination.

This Agreement may be terminated prior to the Closing Date only as follows:

- (a) by mutual written consent of PCC and Buyer;
- (b) by either PCC or Buyer, if the Closing Date shall not have occurred prior to the close of business on December 31, 2002 or such later date as the parties may agree in writing (provided, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause, in whole or in part, of, or has resulted in, the failure of the conditions in Article VI to be satisfied and the Closing Date to occur on or before such date);
- (c) by PCC or Buyer if an action, suit, or proceeding, shall have been commenced or threatened by or before any Governmental Authority, or any order, decree or injunction shall have been entered therein, that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business;

- (d) by Buyer if (i) the representations of PCC contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure; or (ii) PCC has failed to comply materially with its respective obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure; or
- (e) by PCC if (i) the representations of Buyer contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from PCC to Buyer of such failure; or (ii) Buyer has failed to comply materially with its obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from the PCC to Buyer of such failure.

9.2. Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1 hereof, all further obligations of the parties under or pursuant to this Agreement shall terminate without further Liability of either party to the other except: (a) as set forth in Section 10.4; and (b) for breaches of representations, warranties, or covenants or for fraud. PCC and Buyer hereby agree that the provisions of this Section 9.2 and of Section 10.4 shall survive any termination of this Agreement pursuant to the provisions of this Article IX.

ARTICLE X
MISCELLANEOUS

10.1. Entire Agreement.

This Agreement, the documents referred to herein and to be delivered pursuant hereto and any other agreement entered into contemporaneously with this Agreement among PCC, PCC Parent, Buyer and Buyer's Ultimate Parent or the Affiliates of any of them constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein or therein.

10.2. Amendment.

This Agreement may be amended by an instrument in writing and signed on behalf of all of the parties hereto at any time.

10.3. Extension; Waiver.

At any time prior to the Closing Date, the parties may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document, certificate or writing delivered pursuant hereto or (iii) waive compliance with any of the agreements or conditions contained herein, other than the conditions contained in Section 6.1(a) hereof as it relates to the entry of an order in any proceeding by or before a Governmental Authority. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in an instrument in writing and signed on behalf of such party.

10.4. Expenses.

Whether or not the transactions contemplated by this Agreement are consummated, each of the parties hereto shall pay the fees and expenses of their respective counsel, investment bankers, financial advisors, accountants and other experts and the other expenses incident to the negotiation and preparation of this Agreement and consummation of the transactions contemplated hereby.

10.5. Bulk Sales Waiver.

Buyer hereby waives compliance with all applicable bulk sales Laws.

10.6. Governing Law.

This Agreement shall be construed and interpreted according to the Laws of the Commonwealth of Virginia, without regard to the conflicts of Law rules thereof.

10.7. Assignment.

This Agreement and each party's respective rights hereunder may not be assigned at any time except as expressly set forth herein without the prior written consent of the other party, provided that PCC may assign its rights hereunder to any Affiliate of PCC after the Closing Date without the consent of Buyer and Buyer may assign its rights hereunder to any Affiliate of Buyer prior to, at or after the Closing Date without the consent of PCC and, further provided, that nothing in this Agreement shall prevent a successor in interest to either party from enforcing the provisions of this Agreement.

10.8. Notices.

All communications, notices and disclosures required or permitted by this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by messenger or by overnight delivery service, or within five days of being mailed by registered or certified United States mail, postage

prepaid, return receipt requested, in all cases addressed to the person for whom it is intended at his address set forth below or to such other address as a party shall have designated by notice in writing to the other party in the manner provided by this Section 10.8:

If to PCC: Pittston Coal Company
448 N.E. Main Street
P.O. Box 5100
Lebanon, Virginia 24266
Attention: President

With a copy to: Pittston Coal Company
c/o The Pittston Company
1801 Bayberry Court
P.O. Box 18100
Richmond, Virginia 23226-8100
Attention: General Counsel

And a copy to: Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

If to Buyer: Dickenson-Russell Coal Company, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

With a copy to: First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

10.9. Counterparts; Headings.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. The Table of Contents and Article and Section headings in this Agreement are inserted for convenience of reference only and shall not constitute a part hereof.

10.10. Interpretation; Construction.

- (a) Unless the context requires otherwise, all words used in this Agreement in the singular number shall extend to and include the plural, all words in the plural number shall extend to and include the singular and all words in any gender shall extend to and include all genders.
- (b) This Agreement has been fully negotiated by the parties hereto and shall not be construed by any Governmental Authority against either party as the drafting party.

10.11. Severability.

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

10.12. No Reliance.

No third party is entitled to rely on any of the representations, warranties and agreements contained in this Agreement and PCC and Buyer assume no Liability to any third party because of any reliance on the representations, warranties and agreements of PCC and Buyer contained in this Agreement, other than Section 5.5 and Article VIII hereof, which are intended to be for the benefit of the Persons expressly covered thereby and may be enforced by such Persons.

10.13. Retention of and Access to Records.

After the Closing Date, Buyer shall retain for a period consistent with Buyer's record retention policies and practices those books and records relating to the Asset Sale Companies delivered to Buyer. Buyer also shall provide to PCC and its Affiliates reasonable access thereto, during normal business hours and on at least three days' prior written notice, to enable them to prepare financial statements or Tax Returns or deal with Tax audits or litigation. Buyer shall deliver to PCC at least thirty days written notice prior to the destruction or other disposal of any such books and records. PCC and its Affiliates may elect to take delivery of any such books and records that Buyer intends to destroy or otherwise dispose of and to copy any such books and records that Buyer intends to keep, all at their own expense.

10.14. Arbitration.

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute"), excluding any dispute or disagreement among the parties concerning the determination of the Coal Inventory, which shall be resolved pursuant to Section 2.11 and the allocation of Purchase Price and Assumed Liabilities, which shall be resolved pursuant to Section 2.12, shall be decided by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to select an arbitrator within fourteen calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The

arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Section 10.14 shall be the exclusive means to resolve all Disputes.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development and
Technical Resources

DICKENSON-RUSSELL COAL COMPANY, LLC

By: /s/ Anthony McGartland

Name: Anthony McGartland
Title: President

SCHEDULE 1.5

ASSET SALE COMPANIES

Asset Sale Signatory Company

- - - - -

Clinchfield Coal Company, a Virginia corporation

Asset Sale Non-Signatory Company

- - - - -

Pittston Coal Management Company, a Virginia corporation

PITTSTON COAL COMPANY
 448 N. E. Main Street
 Lebanon, Virginia 24266

December 13, 2002

Dickenson-Russell Coal Company, LLC
 c/o Alpha Natural Resources, LLC
 406 West Main Street
 Abingdon, Virginia 24212

Ladies and Gentlemen:

Reference is made to the Asset Purchase Agreement (the "Agreement"), dated as of October 29, 2002, as amended to but not including the date hereof, by and between Pittston Coal Company ("PCC") and Dickenson-Russell Coal Company, LLC ("Buyer"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Agreement.

PCC and Buyer desire to amend certain provisions of the Agreement and, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Section 1.87 of the Agreement is deleted in its entirety and replaced with the following:

"1.87 Purchase Price.

"Purchase Price" shall mean the cash amount of \$12,510,674 (which amount shall include \$880,000 for the Parts, Fuel and Supplies Inventory, \$3,180,000 for the Coal Inventory and \$110,000 for two continuous miners), plus the Promissory Note."

2. A new Section 1.108 of the Agreement is inserted into the Agreement as follows:

"1.108 Subleases.

"Subleases" shall have the meaning set forth in Section 2.13(a) hereof."

3. Notwithstanding anything in the Agreement to the contrary, each of PCC and Buyer agree that for purposes of Sections 2.1 and 2.2 of the Agreement only, none of the Equipment listed on Schedule 1.44(b) attached to the Agreement shall constitute Purchased Assets.
4. Notwithstanding anything in the Agreement to the contrary, each of PCC and Buyer agree that PCC shall have caused the applicable Asset Sale Companies to purchase the Equipment specifically identified under the heading "Transamerica Equipment" on Schedule 1.44(b) (the "Transamerica Equipment"). Simultaneously with the

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Closing, PCC shall cause the applicable Asset Sale Companies to transfer to Buyer, and Buyer shall acquire, the Transamerica Equipment from such Asset Sale Companies pursuant to a bill of sale. Each of PCC and Buyer agrees that the Purchase Price set forth in Section 1.87 includes all amounts that Buyer owes PCC or the Asset Sale Companies for the Transamerica Equipment upon its purchase by the applicable Asset Sale Companies from Transamerica, including one-half of the lease breakage fee. PCC acknowledges its responsibility to pay \$64,939.74 to Transamerica, which is one-half of such lease breakage fee.

5. Each of PCC and Buyer agree that in satisfaction of Section 2.11 of the Agreement, the face amount of the Promissory Note shall be fixed at \$5,784,442.
6. A new Section 2.13 of the Agreement is inserted into the Agreement as follows:

2.13 Subleases.

- (a) Each of PCC and Buyer agree that at the Closing, Buyer shall sublease the Equipment set forth on Schedule 1.44(b) attached to the Agreement (other than the Transamerica Equipment) from the applicable Asset Sale Company pursuant to the subleases substantially in the forms attached hereto as Exhibits A-1, A-2 and A-3 (the "Subleases").
- (b) At the Closing, PCC shall cause the applicable Asset Sale Company to, and Buyer shall execute and deliver the Subleases.

7. Sections 5.6(b) and (c) of the Agreement are deleted in their entirety and replaced with the following:

"(b) Prior to the Closing Date: (i) Buyer shall deliver a copy to PCC of the filing that is necessary to cause the applicable Governmental Authority to transfer any one of the Permits (the "Initial Filing") to Buyer in accordance with Law, in a form that satisfies all requirements of the applicable Governmental Authority; and (ii) following approval by PCC, Buyer shall file the Initial Filing with the appropriate Governmental Authority.

(c) Promptly following the Closing Date through the application of best efforts, and in any event no later than 30 days after the Closing, Buyer shall make all filings other than the Initial Filing with the appropriate Governmental Authorities necessary to transfer the Permits to Buyer in accordance with Law and thereafter, as required by Law, shall post replacement bonds."

8. PCC and Buyer agree that the completion of the actions set forth in Sections 4 and 6 of this letter agreement that are required to be completed by Buyer shall be deemed to satisfy all of Buyer's obligations: (i) to obtain the consent of the applicable third party lessor in accordance with Section 5.4 and Section 6.1(e) of the Agreement; and (ii) with respect to such Equipment leases pursuant to Section 5.6(g) of the Agreement (with the exception of the Equipment being leased from Deere Credit, Inc. pursuant to leases expiring in 2004).

9. The Schedules to the Agreement are hereby amended and restated in their entirety as attached hereto as Exhibit A.
10. Except as amended by this letter agreement, the Agreement shall continue in full force and effect.
11. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any executed counterpart of this letter agreement or other signature hereto delivered by a party by facsimile shall be deemed for all purposes as being good and valid execution and delivery of this letter agreement by such party.

Sincerely,

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development
and Technical Resources

ACKNOWLEDGED AND AGREED:

DICKENSON-RUSSELL COAL COMPANY, LLC

By: /s/ Anthony McGartland

Name: Anthony McGartland
Title: President

INDEMNIFICATION AND GUARANTY AGREEMENT

INDEMNIFICATION AND GUARANTY AGREEMENT, dated as of December 13, 2002, by and among PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), THE PITTSTON COMPANY, a Virginia corporation ("Pittston"), ALPHA NATURAL RESOURCES, LLC, a Delaware limited liability company ("Buyer's Ultimate Parent") and DICKENSON-RUSSELL COAL COMPANY, LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, Buyer and PCC have entered into an asset purchase agreement dated October 29, 2002 (such agreement, together with the Exhibits and Schedules attached thereto, as the same may be amended from time to time in accordance with the terms thereof, being hereinafter referred to as the "Acquisition Agreement"), pursuant to which Buyer will purchase or acquire from PCC and certain of its Affiliates certain assets, and assume certain liabilities, all upon the terms and subject to the conditions set forth in the Acquisition Agreement;

WHEREAS, PCC and Buyer desire to provide for the terms upon which they will indemnify each other with respect to certain matters relating to the transactions contemplated by the Acquisition Agreement;

WHEREAS, Pittston owns, indirectly, all of the outstanding capital stock of PCC and, as an inducement to Buyer to enter into the Acquisition Agreement, has agreed to guarantee the obligations of PCC and certain of PCC's Affiliates under this Agreement and the Acquisition Agreement; and

WHEREAS, Buyer's Ultimate Parent owns, indirectly, all of the outstanding membership interests of Buyer and, as an inducement to PCC to enter into the Acquisition Agreement, has agreed to guarantee the obligations of Buyer under this Agreement and the Acquisition Agreement;

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NOW, THEREFORE, in consideration of the premises and mutual agreements, covenants and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
definitions

When used in this Agreement, the following terms shall have the meanings specified below. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings specified in the Acquisition Agreement.

1.1. Acquisition Agreement.

"Acquisition Agreement" shall have the meaning set forth in the Recitals to this Agreement.

1.2. Adverse Consequences.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

1.3. Basket.

"Basket" shall have the meaning set forth in Section 2.1(b)(i) hereof.

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1.4. Buyer.

"Buyer" shall have the meaning set forth in the preamble to this Agreement.

1.5. Buyer Indemnified Persons.

"Buyer Indemnified Persons" shall mean Buyer, its Affiliates (including, after Closing, one or more Buyer Affiliates formed to hold the Virginia coal operations of PCC acquired pursuant to the Acquisition Agreement), and their respective members, directors, officers, employees, consultants, agents, attorneys and representatives.

1.6. Buyer's Ultimate Parent.

"Buyer's Ultimate Parent" shall have the meaning set forth in the preamble to this Agreement.

1.7. Buyer's Ultimate Parent Guaranty.

"Buyer's Ultimate Parent Guaranty" shall have the meaning set forth in Section 3.2 hereof.

1.8. Claim Notice.

"Claim Notice" shall have the meaning set forth in Section 2.3(b) hereof.

1.9. Dispute.

"Dispute" shall have the meaning set forth in Article VII hereof.

1.10. Indemnified Party.

"Indemnified Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.11. Indemnifying Party.

"Indemnifying Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.12. Other Acquisition Agreements.

"Other Acquisition Agreements" shall mean the agreements set forth on Schedule A attached hereto.

1.13. Other Indemnification Agreements.

"Other Indemnification Agreements" shall mean the agreements set forth on Schedule B attached hereto.

1.14. PCC.

"PCC" shall have the meaning set forth in the preamble to this Agreement.

1.15. Pittston.

"Pittston" shall have the meaning set forth in the preamble to this Agreement.

1.16. Pittston Guaranty.

"Pittston Guaranty" shall have the meaning set forth in Section 3.1 hereof.

1.17. Pittston Indemnified Persons.

"Pittston Indemnified Persons" shall mean Pittston, PCC, the Asset Sale Companies and their respective directors, officers, employees, agents, stockholders and their respective Affiliates, and their respective directors, officers, employees, consultants, agents, attorneys and representatives.

ARTICLE II
indemnification

2.1. Indemnification by PCC.

- (a) PCC agrees to indemnify and hold harmless Buyer Indemnified Persons from and against, and reimburse them for, any and all Adverse Consequences that any Buyer Indemnified Persons may suffer or incur or become subject to as a result of:
 - (i) the inaccuracy or breach of any representation or warranty made by PCC to Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with the terms shall not be deemed without more to have cause a breach of any representation or warranty);
 - (ii) any failure by PCC to carry out, perform, satisfy or discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement (other than Article VII and Article VIII thereof);
 - (iii) any failure by PCC to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under Article VII and/or Article VIII of the Acquisition Agreement; and
 - (iv) any failure by PCC or the Asset Sale Companies to satisfy the Retained Liabilities.
- (b) Notwithstanding the provisions of Section 2.1(a), PCC shall not be required to indemnify any of Buyer Indemnified Persons with respect to the matters described in Sections 2.1(a)(i) and 2.1(a)(ii):

- (i) unless and until the sum of (A) the Adverse Consequences for which indemnification pursuant to (1) Sections 2.1(a)(i) and 2.1(a)(ii) or (2) in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by Buyer to obtain any of the consents listed on Schedule 6.1(e)(i) of the Acquisition Agreement or in Schedule 6.1(e)(i) of the Other Acquisition Agreements shall exceed \$100,000 (the "Basket"), in which case the entire amount of such Adverse Consequences is recoverable;
 - (ii) unless the right to indemnity is asserted pursuant to Section 2.3, (i) on or before thirty (30) days after the Closing Date for any breach of PCC's representations specified in Section 3.6(c) or Section 3.6(d) of the Acquisition Agreement, (ii) on or before the fifth anniversary of the Closing Date for any breach of PCC's representations specified in Section 3.8 of the Acquisition Agreement and (iii) on or before the second anniversary of the Closing Date for any other matter described in Sections 2.1(a)(i) or 2.1(a)(ii); and
 - (iii) for any matter, to the extent that the aggregate amount of the Adverse Consequences for which Buyer Indemnified Persons have been indemnified pursuant to Sections 2.1(a)(i) and 2.1(a)(ii) or in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements exceeds \$15,000,000 (the "Cap").
- (c) Notwithstanding the foregoing, PCC agrees that any claim by a Buyer Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of PCC's representations specified in Sections 3.1, 3.2, 3.3, 3.6(a) and 3.14 of the Acquisition Agreement or (ii) pursuant to Sections 2.1(a)(iii) and 2.1(a)(iv), shall not be subject to the provisions of paragraph (b) of this Section 2.1.

(d) PCC agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Buyer Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Buyer Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.2. Indemnification by Buyer.

(a) Buyer agrees to indemnify and hold harmless Pittston Indemnified Persons from and against and reimburse them for, any and all Adverse Consequences that any Pittston Indemnified Persons may suffer or incur or become subject to as a result of:

- (i) the inaccuracy or breach of any representation or warranty made by Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with its terms shall not be deemed without more to have caused a breach of any representation or warranty);
- (ii) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement (other than Article VII and Article VIII thereof and with respect to the Permits);

- (iii) any liability that any Pittston Indemnified Persons may suffer or incur or become subject to because of: (A) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in the Acquisition Agreement relating to the Permits, or (B) the use by Buyer or its post-Closing Affiliates of any Permit held by PCC or any of its pre-Closing Affiliates;
- (iv) the ownership of the Purchased Assets on or after the Closing Date;
- (v) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under Article VII and/or Article VIII of the Acquisition Agreement, excluding the Retained Liabilities;
- (vi) any liability that any Pittston Indemnified Person may suffer or incur or become subject to because of any actions it takes pursuant to the Administrative Services Agreement; provided, however, that this Section 2.2(a)(vi) shall not apply to any liability resulting from or arising out of any Pittston Indemnified Person's conduct in bad faith or willful misconduct;
- (vii) any liability that any Pittston Indemnified Person may suffer or incur or become subject to because of any actions it takes pursuant to the Subleases; provided, however, that this Section 2.2(a)(vii) shall not apply to any liability resulting from or arising out of any Pittston Indemnified Person's default under the terms of the Subleases, conduct in bad faith or willful misconduct; and

- (viii) any failure by Buyer to satisfy the Assumed Liabilities.
- (b) The foregoing notwithstanding, Buyer shall not be required to indemnify any Pittston Indemnified Persons with respect to the matters described in Sections 2.2(a)(i) and 2.2(a)(ii):
- (i) unless and until the sum of (A) Adverse Consequences for which indemnification pursuant to (1) Sections 2.2(a)(i) and 2.2(a)(ii) or (2) Sections 2.2(a)(i) and 2.2(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by PCC to obtain any of the consents listed on Schedule 6.1(e)(ii) of the Acquisition Agreement or in Schedule 6.1(e)(ii) of the Other Acquisition Agreements shall exceed the Basket, in which case the entire amount of such Adverse Consequences is recoverable;
 - (ii) unless the right to indemnity is asserted on or before the second anniversary of the Closing Date pursuant to Section 2.3; and
 - (iii) for any matter, to the extent that the aggregate amount of Adverse Consequences for which the Pittston Indemnified Persons have been indemnified pursuant to Sections 2.2(a)(i) and 2.2(a)(ii) or in Sections 2.2(a)(i) and 2.2(a)(ii) of the Other Indemnification Agreements exceeds the Cap.
- (c) Notwithstanding the foregoing, Buyer agrees that any claim by a Pittston Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of Buyer's representations specified in Sections 4.1, 4.2, 4.3 and 4.4 of the Acquisition Agreement or (ii) pursuant to Sections 2.2(a)(iii) through (viii), shall not be subject to the provisions of paragraph (b) of this Section 2.2.

- (d) Notwithstanding the foregoing, nothing in Section 2.2(a)(iv) shall diminish the right of any Buyer Indemnified Person to seek indemnification from PCC after the Closing Date pursuant to the terms of this Agreement.
- (e) Buyer agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Pittston Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Pittston Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.3. Indemnification Procedures.

- (a) All claims for indemnification under this Agreement shall be asserted and resolved pursuant to this Section 2.3.
- (b) Each party entitled to indemnification under this Agreement (the "Indemnified Party") shall give notice (a "Claim Notice") to the party required to provide such indemnification (the "Indemnifying Party") promptly after such Indemnified Party has notice of any Adverse Consequence which may give rise to a claim for indemnification against the other party under this Agreement, provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced. The Indemnified Party shall not be required to commence litigation or take any action against any third party prior to delivery of the Claim Notice.

- (c) The Indemnifying Party will have the right (at its expense) to assume the investigation and/or defense of any Adverse Consequence or any litigation resulting therefrom so long as (i) the Indemnifying Party notifies the Indemnified Party in writing (within 20 days after the Indemnified Party has given the Claim Notice) that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of the Adverse Consequence, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend, and otherwise indemnify for, the Adverse Consequence and fulfill its indemnification obligations hereunder and (iii) the Adverse Consequence involves only money damages and does not seek an injunction or other equitable relief.
- (d) So long as the Indemnifying Party is conducting the defense of the Adverse Consequence in accordance with Section 2.3(c), (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Adverse Consequence, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnifying Party (not to be withheld unreasonably), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnified Party; provided, that the Indemnifying Party may consent to such judgment or enter into such settlement without the prior written consent of the Indemnified Party so long as an unconditional term of any such judgment or settlement includes the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability with respect to such Adverse Consequence.

- (e) In the event any of the conditions in Section 2.3(c) is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Adverse Consequence in any manner it may reasonably deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Adverse Consequence (including reasonable attorneys' fees and expenses), and (C) the Indemnifying Parties will remain responsible for any Adverse Consequence the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of or caused by the Adverse Consequence to the fullest extent provided in this Agreement.
- (f) Any indemnification with respect to the matters set forth in Section 2.1(a)(iv) and addressed expressly in the Cooperation Agreement shall be conducted exclusively in accordance with the Cooperation Agreement. Notwithstanding any provision of this Agreement, PCC shall have no obligation to indemnify any Buyer Indemnified Person with respect to any claim or matter to the extent that any Buyer Indemnified Person has failed to comply with its obligations under the Cooperation Agreement with respect to such claim or matter or has taken any action that prevents, hinders or delays PCC from managing or disposing of such claim or matter in the manner elected by PCC in its sole discretion.

2.4. Insurance Proceeds.

The amount of any indemnification payable in connection with any transaction contemplated by this Agreement or the Acquisition Agreement shall be net of any insurance proceeds available, under any insurance policies in effect at the time that are maintained in the Ordinary Course of Business, to a Buyer Indemnified Person or a Pittston Indemnified Person, respectively, in connection

with the events or circumstances giving rise to the indemnification. For purposes of this Section 2.4, any pollution and legal liability insurance policies or an insurance policy covering loss in connection with the representations and warranties contained in the Acquisition Agreement will be deemed not to be maintained in the Ordinary Course of Business.

2.5. Exclusivity of Rights and Procedures.

The parties agree that, except as set forth in Section 2.3(f) of this Agreement, the D-R Service Agreement, Article VII of the Acquisition Agreement or in any Articles titled "Certain Tax Matters" of the Other Acquisition Agreements, this Agreement shall constitute the sole and exclusive remedy of the parties hereto with respect to the subject matters addressed in this Agreement, the Acquisition Agreement and the transactions contemplated by the Acquisition Agreement. Each party to this Agreement hereby waives and releases the other parties from any and all claims and other causes of action, including claims for contribution, related to those subject matters, other than claims (i) pursuant to the terms of this Agreement, (ii) related to the Retained Liabilities (in the case of Buyer Indemnified Persons) or the Assumed Liabilities (in the case of the Pittston Indemnified Persons), (iii) for fraud, and (iv) for injunctive relief.

ARTICLE III Guaranties

3.1. Pittston Guaranty.

- (a) Pittston hereby irrevocably and unconditionally guarantees to Buyer (the "Pittston Guaranty") the full and punctual performance and compliance by PCC with each and every covenant, term and condition to be performed or complied with by PCC under this Agreement and the Acquisition Agreement. The Pittston Guaranty expressed in this Section 3.1 is an absolute, present, primary and continuing guaranty of

performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by PCC or upon any other condition or contingency.

- (b) Pittston hereby expressly waives (i) notice of acceptance of the Pittston Guaranty and (ii) any other notice given to PCC in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Pittston hereby authorizes Buyer to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of PCC under the Agreement without notice to or consent by Pittston. Pittston acknowledges and agrees that its liability under the Pittston Guaranty is joint and several with PCC and, upon any default by PCC, Buyer shall not be obligated to first attempt enforcement against PCC. Pittston hereby waives any and all defenses to enforcement of the Pittston Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.
- (c) Pittston represents and warrants to Buyer that (i) Pittston is a corporation validly existing and in good standing under the laws of the Commonwealth of Virginia; (ii) all necessary corporate action has been duly taken by it to authorize the execution, delivery and performance by it of the Pittston Guaranty, (iii) the Pittston Guaranty is being executed on Pittston's behalf by a duly authorized representative, (iv) the Pittston Guaranty is the legally valid and binding obligation of Pittston enforceable in accordance with its terms, and (v) the execution and the delivery of the Pittston Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Pittston's Articles of Incorporation or Bylaws or of any material franchise,

mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Pittston is a party or by which Pittston is bound, or any Law or any order, judgment, writ, injunction or decree to which Pittston is a party or by which Pittston may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Pittston or that otherwise relates to the Pittston's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Pittston is subject.

- (d) Pittston agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by Buyer Indemnified Persons in enforcing Pittston's liability to Buyer Indemnified Persons under the Pittston Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.
- (e) The Pittston Guaranty shall be binding upon Pittston and its successors and assigns, and shall inure to the benefit of and be enforceable by Buyer and its successors and assigns. For purposes of the Pittston Guaranty, Pittston shall be deemed to include the surviving entity in any merger or consolidation involving Pittston, which survivor shall be bound by the provisions of the Pittston Guaranty and this Agreement.

3.2. Buyer's Ultimate Parent Guaranty.

- (a) Buyer's Ultimate Parent hereby irrevocably and unconditionally guarantees to PCC (the "Buyer's Ultimate Parent Guaranty") the full and punctual performance and compliance by Buyer with each and every covenant, term and condition to be performed or complied with by Buyer under this Agreement, the Acquisition Agreement and the Promissory Note. Buyer's Ultimate Parent Guaranty expressed in this Section 3.2 is an absolute, present, primary and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by Buyer or upon any other condition or contingency.
- (b) Buyer's Ultimate Parent hereby expressly waives (i) notice of acceptance of Buyer's Ultimate Parent Guaranty and (ii) any other notice given to Buyer in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Buyer's Ultimate Parent hereby authorizes PCC to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of Buyer under the Agreement without notice to or consent by Buyer's Ultimate Parent. Buyer's Ultimate Parent acknowledges and agrees that its liability under Buyer's Ultimate Parent Guaranty is joint and several with Buyer and, upon any default by Buyer, PCC shall not be obligated to first attempt enforcement against Buyer. Buyer's Ultimate Parent hereby waives any and all defenses to enforcement of Buyer's Ultimate Parent Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.
- (c) Buyer's Ultimate Parent represents and warrants to PCC that (i) Buyer's Ultimate Parent is a limited liability company validly existing and in good standing under the laws of the State of Delaware; (ii) all necessary corporate action has been duly taken by it to

authorize the execution, delivery and performance by it of Buyer's Ultimate Parent Guaranty, (iii) Buyer's Ultimate Parent Guaranty is being executed on Buyer's Ultimate Parent's behalf by a duly authorized representative, (iv) Buyer's Ultimate Parent Guaranty is the legally valid and binding obligation of Buyer's Ultimate Parent enforceable in accordance with its terms, and (v) the execution and the delivery of Buyer's Ultimate Parent Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Buyer's Ultimate Parent's Certificate of Formation, Operating Agreement or other organizational documents or of any material franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Buyer's Ultimate Parent is a party or by which Buyer's Ultimate Parent is bound, or any Law or any order, judgment, writ, injunction or decree to which Buyer's Ultimate Parent is a party or by which Buyer's Ultimate Parent may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Buyer's Ultimate Parent or that otherwise relates to Buyer's Ultimate Parent's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Buyer's Ultimate Parent is subject.

- (d) Buyer's Ultimate Parent agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs,

incurred by the Pittston Indemnified Persons in enforcing Buyer's Ultimate Parent's liability to the Pittston Indemnified Persons under Buyer's Ultimate Parent Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.

- (e) Buyer's Ultimate Parent Guaranty shall be binding upon Buyer's Ultimate Parent and its successors and assigns, and shall inure to the benefit of and be enforceable by PCC and its successors and assigns. For purposes of Buyer's Ultimate Parent Guaranty, Buyer's Ultimate Parent shall be deemed to include the surviving entity in any merger or consolidation involving Buyer's Ultimate Parent, each of whom shall be bound by the provisions of the Buyer's Ultimate Parent Guaranty and this Agreement.

ARTICLE IV SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

ARTICLE V notices

All communications, notices and disclosures required or permitted by this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by messenger or by overnight delivery service, or within five days of being mailed by registered or certified United States mail, postage prepaid, return receipt requested, in all cases addressed to the person for whom it is intended at his address set forth below or to such other address as a party shall have designated by notice in writing to the other parties in the manner provided by this Article V:

if to PCC or Pittston, to them at:

Pittston Coal Company
448 N.E. Main Street
P. O. Box 5100
Lebanon, Virginia 24266
Attention: President

with a copy to:

Pittston Coal Company
c/o The Pittston Company
1801 Bayberry Court
P. O. Box 18100
Richmond, Virginia 23226-8100
Attention: General Counsel

and a copy to:

Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

if to Buyer:

Dickenson-Russell Coal Company, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

if to Buyer's Ultimate Parent, to it at:

Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Michael J. Quillen

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

ARTICLE VI
ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but this Agreement and the rights, interests or obligations hereunder shall not be assignable by Buyer's Ultimate Parent, Buyer, Pittston or PCC without the prior written consent of the other parties and any attempt to make such an assignment without such consent shall be void and of no effect.

ARTICLE VII
arbitration

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute") shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to designate an arbitrator within fourteen (14) calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Article VII shall be the exclusive means to resolve all Disputes.

ARTICLE VIII
MISCELLANEOUS

8.1. Headings.

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

8.2. Integration.

This Agreement and any other agreement entered into contemporaneously with this Agreement among PCC, Pittston, Buyer and Buyer's Ultimate Parent or the Affiliates of any of them constitute the entire agreement and supercede all prior agreements and understandings not reflected in the Acquisition Agreement, both written and oral, among the parties with respect to the subject matter hereof.

8.3. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8.4. Governing Law.

This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the Commonwealth of Virginia, without regard to the conflicts of laws principles thereof.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

DICKENSON-RUSSELL COAL COMPANY, LLC,
a Delaware limited liability company

By:/s/ Anthony McGartland

Name: Anthony McGartland
Title: President

ALPHA NATURAL RESOURCES, LLC, a Delaware limited liability company

By:/s/ Mike Quillen

Name: Mike Quillen
Title: President

PITTSTON COAL COMPANY,
a Delaware corporation

By:/s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development and Technical Resources

THE PITTSTON COMPANY,
a Virginia corporation

By:/s/ James B. Hartough

Name: James B. Hartough
Title: Vice President - Corporate Finance and Treasurer

Schedule A

Asset Purchase Agreement by and between Pittston Coal Company and Paramount Coal Company Virginia, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Land and Reserves, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Coal Sales Co., LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Terminal Company, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Maxxim Rebuild Co., LLC, dated as of October 29, 2002, as amended.

Schedule B

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Paramount Coal Company Virginia, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Land and Reserves, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Coal Sales Co., LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Terminal Company, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Maxxim Rebuild Co., LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

COOPERATION AGREEMENT
 BY AND BETWEEN
 PITTSTON COAL COMPANY
 AND
 DICKENSON-RUSSELL COAL COMPANY, LLC

December 13, 2002

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COOPERATION AGREEMENT

THIS COOPERATION AGREEMENT, made as of December 13, 2002, by and between PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), on its own behalf and on behalf of its Affiliates, and DICKENSON-RUSSELL COAL COMPANY, LLC, a Delaware limited liability company ("D-R"), on its own behalf and on behalf of its Affiliates.

RECITALS

WHEREAS, D-R, PCC and certain Affiliates of PCC have entered into a certain asset purchase agreement as set forth on Schedule A, dated as of October 29, 2002 (such agreement, together with the Exhibits and Schedules attached thereto being hereinafter referred to as the "Acquisition Agreement"), pursuant to which D-R has agreed to purchase or acquire from PCC and certain of its Affiliates certain assets, and assume certain liabilities, all upon the terms and subject to the conditions set forth in the Acquisition Agreement;

WHEREAS, pursuant to the Acquisition Agreement, PCC has agreed to retain certain liabilities and certain assets; and

WHEREAS, PCC, PCC Parent, D-R and Alpha Natural Resources, LLC, a Delaware limited liability company, have entered into the Indemnification and Guaranty Agreement; and

WHEREAS, PCC and D-R desire to establish certain administrative procedures with respect to their respective obligations under the Acquisition Agreement; provided, however, that nothing in this Agreement is intended in any way to reallocate risk or modify the allocation of liabilities in the Acquisition Agreement or the Indemnification and Guaranty Agreement; and provided, further, that nothing in this Agreement, the Acquisition Agreement or the Indemnity Agreement is intended to, nor should be construed to, establish a single employer, joint employer, common employer and/or alter ego relationship between PCC and its Affiliates on the one hand and D-R and its Affiliates on the other hand.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein and in the Acquisition Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PCC and D-R agree that:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified below. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings specified in the Acquisition Agreement.

1.1. Acquisition Agreement.

"Acquisition Agreement" shall have the meaning set forth in the Recitals to this Agreement.

1.2. Actuarial Firm.

"Actuarial Firm" shall have the meaning set forth in Section 3.2(b) hereof.

1.3. Affiliates, Successors, Assigns, Lessees or Contractors.

"Affiliates, Successors, Assigns, Lessees or Contractors" shall mean D-R's Affiliates, contractual successors and assigns, and lessees and contractors who, as part of a contractual arrangement with D-R or one of its Affiliates, offer employment to the current or former Employees of an Asset Sale Company.

1.4. Agreement.

"Agreement" shall mean this Cooperation Agreement, together with the Schedule[s] attached hereto, as the same may be amended from time to time in accordance with the terms hereof.

1.5. Amended Medical Plan.

"Amended Medical Plan" shall have the meaning set forth in Section 3.2(a) hereof.

1.6. Amended Plan Projected Cost.

"Amended Plan Projected Cost" shall have the meaning set forth in Section 3.2(b) hereof.

1.7. Classified Plan Expected Cost.

"Classified Plan Expected Cost" shall have the meaning set forth in Section 3.2(b) hereof.

1.8. Closing Layoff.

"Closing Layoff" shall have the meaning set forth in Section 6.1 hereof.

1.9. Coal Act Liabilities.

"Coal Act Liabilities" shall mean those Retained Liabilities specified in Section 1.95(j) of the Acquisition Agreement.

1.10. Collective Bargaining Agreement Liabilities.

"Collective Bargaining Agreement Liabilities" shall mean those liabilities assumed by the Buyer pursuant to Section 8.2 of the Acquisition Agreement and Section IV of Schedule 1.9 thereto.

1.11. Communications.

"Communications" shall have the meaning set forth in Section 2.1(a) hereof.

1.12. Employee Related Liabilities.

"Employee Related Liabilities" shall mean those Retained Liabilities specified in Sections 1.95(d), 1.95(e), 1.95(f), 1.95(i), 1.95(l), 1.95(m), 1.95(n), and 1.95(p) of the Acquisition Agreement.

1.13. D-R.

"D-R" shall have the meaning set forth in the preamble to this Agreement.

1.14. Participants.

"Participants" shall have the meaning set forth in Section 3.4 hereof.

1.15. PCC.

"PCC" shall have the meaning set forth in the preamble to this Agreement.

1.16. Post-94 Retirees.

"Post-94 Retirees" shall mean the current and former Classified Employees for whom PCC has retained liabilities pursuant to Section 1.95(k) of the Acquisition Agreement.

1.17. Post-94 Retiree Medical Liabilities

"Post-94 Retiree Medical Liabilities" shall mean those Retained Liabilities specified in Section 1.95(k) of the Acquisition Agreement.

1.18. Recurrence Claim.

"Recurrence Claim" shall have the meaning set forth in Section 4.4 hereof.

1.19. Relative Cost Factor.

"Relative Cost Factor" shall have the meaning set forth in Section 3.2(b) hereof.

1.20. Third Parties.

"Third Parties" shall have the meaning set forth in Section 9.3 hereof.

1.21. UMWA.

"UMWA" shall mean the International Union, United Mine Workers of America, including its district and local unions.

1.22. Workers' Compensation and Federal Black Lung Liabilities.

"Workers' Compensation and Federal Black Lung Liabilities" shall mean those Retained Liabilities specified in Sections 1.95(b) and 1.95(c) of the Acquisition Agreement.

ARTICLE II
COAL ACT LIABILITIES

2.1. General.

In order to assist PCC with regard to the satisfaction of the Coal Act Liabilities, PCC and D-R agree as follows:

(a) Notices and Communication.

In the event D-R or any of its Affiliates, Successors, Assigns, Lessees or Contractors receive from any administrative, judicial or other source any claims, communications, correspondence, notices, invoices and/or other documents (collectively, "Communications") that are related to the Coal Act Liabilities, D-R agrees that it shall, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to:

- (i) promptly send to PCC or its designated Affiliate a copy of any such Communications; and

- (ii) cooperate with PCC in notifying the sender of the Communications that such Communications should be sent to PCC or its designated Affiliate.

(b) Litigation.

PCC shall have the exclusive right to pursue and/or defend currently pending litigation or to commence and/or defend future litigation, with respect to any issue relating to the Coal Act Liabilities, including, but not limited to, claims pertaining to specific beneficiaries, statutory construction or the constitutionality of the Coal Act, as PCC deems necessary or appropriate.

- (c) Administration. PCC or one or more of its Affiliates shall be solely responsible for administering the Coal Act Liabilities and shall take such actions as it deems necessary or appropriate to administer the Coal Act Liabilities, including, but not limited to:

- (i) pursuing administrative or judicial challenges to the assignment of beneficiaries to PCC or any of its Affiliates in accordance with the terms of the Coal Act;
- (ii) administering claims under the individual employer plan required to be maintained under Section 9711 of the Coal Act, including entering into agreements with third party administrators and resolving or litigating claim disputes;
- (iii) implementing managed care and/or other methods of delivery; and

- (iv) discussing managed care and cost containment options with the UMWA.

ARTICLE III
POST-94 RETIREE MEDICAL LIABILITIES

3.1. General.

In order to assist PCC with regard to the satisfaction of the Post-94 Retiree Medical Liabilities, PCC and D-R agree as follows:

(a) Administration.

PCC or one or more of its Affiliates shall be solely responsible for administering the Post-94 Retiree Medical Liabilities, making such determinations, awarding and denying such benefits, seeking such administrative and judicial rulings and remedies and taking all such other actions as PCC shall deem necessary or appropriate.

(b) Notices and Communication.

- (i) PCC shall have the exclusive right to provide such notices, if any, as PCC deems necessary or appropriate to the Post-94 Retirees, the UMWA and any insurers and third party administrators providing services or benefits related to the Post-94 Retiree Medical Liabilities, with respect to PCC's retention, administration and satisfaction of the Post-94 Retiree Medical Liabilities.
- (ii) In the event D-R or any of its Affiliates, Successors, Assigns, Lessees or Contractors receives any Communications that are related to the Post-94 Retiree Medical Liabilities, D-R agrees that it shall, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to, promptly send to PCC or its designated Affiliate a copy of any such Communications and to cooperate with PCC in notifying the sender of the Communications that such Communications should be sent to PCC or its designated Affiliate.

- (iii) D-R shall provide to PCC, on a monthly basis, written notice of (and by electronic means if available) (a) the names and social security numbers, (b) dates of hire, (c) location of employment and whether such employment is covered by a collective bargaining agreement and (d) whether D-R believes that in the event any such individual becomes entitled to retiree medical benefits, liability therefor would be a Post-94 Retiree Medical Liability, for all Classified Employees listed on Schedules 1.95(k)(1) and 1.95(k)(3) of the Acquisition Agreement who are recalled or hired by D-R or any of its Affiliates, Successors, Assigns, Lessees or Contractors. Each monthly notice shall include only new or changed information from the last update.
- (iv) The foregoing monthly notices also shall identify whenever the total number of Classified Employees working at the Purchased Assets listed on Schedule 1.95(k)(2) of the Acquisition Agreement (A) reaches the 273 Threshold, (B) exceeds the 273 Threshold or (C) decreases to less than the 273 Threshold, including the dates on which the events described in (A), (B) and (C) of this paragraph occurred.
- (v) D-R shall provide written notice to PCC in the event D-R or any of its Affiliates, Successors, Assigns, Lessees or Contractors negotiates any successor agreement to any of the Collective Bargaining Agreements that does not require such entity to provide retiree medical benefits to UMWA pensioners, or which contains any modifications or amendments to or replacements of any Classified Employee Retiree Medical Plan.
- (vi) D-R shall provide all information reasonably requested by PCC in connection with any Classified Employee listed on Schedules 1.95(k)(1) and 1.95(k)(3) of the Acquisition Agreement who seeks

to receive retiree health benefits from D-R or PCC and whom D-R or PCC believes is the responsibility of PCC under the Post-94 Retiree Medical Liabilities, including, without limitation, a copy of such Classified Employee's UMWA Pension Plan award letter and calculation worksheet, dates of employment with D-R or its Affiliates, Successors, Assigns, Lessees or Contractors, and verification that such Employee was hired or recalled to work at the Purchased Assets listed on Schedule 1.95(k)(2) of the Acquisition Agreement.

(vii) D-R shall provide all other information reasonably requested by PCC in order to satisfy and/or administer the Post-94 Retiree Medical Liabilities.

(c) Litigation and Disputes.

(i) PCC shall have the exclusive right to resolve any dispute regarding Post-94 Retiree Medical Liabilities as PCC in its discretion deems appropriate, including the exclusive right to institute and/or defend against any litigation related to Post-94 Retiree Medical Liabilities.

(ii) PCC shall have the right to challenge any assertion that the retiree medical benefits for any Classified Employee listed on Schedules 1.95(k)(1) and 1.95(k)(3) of the Acquisition Agreement is a Post-94 Retiree Medical Liability. In the event such a challenge cannot be mutually resolved between PCC and D-R, it shall become a Dispute under this Agreement and resolved in accordance with Article VI hereof.

3.2. Amendment to Collective Bargaining Agreements.

(a) D-R and PCC acknowledge that from time to time it may be necessary for D-R or its Affiliates, Successors, Assigns, Lessees or Contractors to re-negotiate the terms of the Collective Bargaining Agreements. In the

event that D-R or its Affiliates, Successors, Assigns, Lessees or Contractors agrees to any modifications or amendments to the benefits provided under, or to the plan design of, any Classified Employee Retiree Medical Plan ("Amended Medical Plan"), to the extent allowed by law PCC shall have the right to determine whether to satisfy the Post-94 Retiree Medical Liabilities through the Classified Employee Retiree Medical Plan(s) or through any Amended Medical Plan, provided, however, in the event a claim against D-R or PCC is filed with a court or administrative agency with jurisdiction over the claim, asserting that the Post-94 Retiree Medical Liabilities must be provided through an Amended Medical Plan, then, (i) in the event the claim is asserted against PCC, PCC may elect to satisfy the Post-94 Medical Liabilities through an Amended Medical Plan, and (ii) in the event the claim is asserted against D-R, PCC shall agree, upon the written request of D-R, to satisfy such Liabilities through the Amended Medical Plan.

- (b) In the event an Amended Medical Plan is negotiated by D-R or its Affiliates, Successors, Assigns, Lessees or Contractors, PCC shall have the right, at its sole cost and expense, to submit to the actuarial firm of Mercer Human Resource Consulting, or another actuarial firm mutually acceptable to PCC and D-R (the "Actuarial Firm"): (i) the Classified Employee Retiree Medical Plan(s) pursuant to which PCC is satisfying the Post-94 Retiree Medical Liabilities; and (ii) the Amended Medical Plan. The Actuarial Firm will perform a relative value analysis of each plan, including its administration, using actuarial methods designed to estimate the cost difference between two or more plans. This analysis will compare the coverage provisions of the Amended Medical Plan to those of the Classified Employee Retiree Medical Plan(s) to determine the relative cost of

each plan based on the respective benefit design and services covered. This relative cost will be calculated as a factor representing the percentage cost difference of the Amended Medical Plan relative to the Classified Employee Retiree Medical Plan(s) ("Relative Cost Factor"). If the relative value analysis demonstrates that the cost of the Amended Medical Plan, including its administration, exceeds the cost of the Classified Employee Retiree Medical Plan(s), including its administration, and PCC chooses or is required to satisfy the Post-94 Retiree Medical Liabilities through the Amended Medical Plan, D-R will reimburse PCC that amount by which the projected cost to be incurred by PCC for that plan year to satisfy the Post-94 Retiree Medical Liabilities under the Amended Medical Plan ("Amended Plan Projected Cost") exceeds the amount PCC would have expected to incur under the terms of the Classified Employee Retiree Medical Plan(s) ("Classified Plan Expected Cost"). This amount shall be divided and reimbursed in four equal installments at the end of each calendar quarter. The Amended Plan Projected Cost and the Classified Plan Expected Cost will be estimated based on actuarial methods and factors, including the historical experience of the plans, expected medical cost and utilization trend, demographic differences and the Relative Cost Factor.

- (c) Either PCC or D-R shall have the right to request that the Actuarial Firm perform a new relative value analysis of the Classified Employee Retiree Medical Plan(s) and the Amended Medical Plan, or any successor thereto: (i) at the termination of any collective bargaining agreement to which D-R or any of its Affiliates, Successors, Assigns, Lessees or Contractors are signatory or every five years, whichever occurs first; and (ii) in the event legislation is enacted which affects the terms or costs of any such plan. The party requesting such new relative value analysis shall pay all costs and expenses associated therewith.

3.3. PCC Amendments to the Medical Plans.

If PCC has or secures from the UMWA a right to change the medical plan(s) by which it satisfies the Post-94 Retiree Medical Liabilities, PCC may make any

such changes so long as they do not impose any liability or additional costs or obligations on D-R or its Affiliates, Successors, Assigns, Lessees or Contractors.

3.4. D-R Provision of Benefits.

D-R and PCC acknowledge that there is a possibility that participants for which PCC is required to satisfy the Post-94 Retiree Medical Liabilities may demand under the Collective Bargaining Agreements that D-R or its Affiliates, Successors, Assigns, Lessees or Contractors, rather than PCC, provide their retiree medical benefits ("Participants"). In the event D-R or its Affiliates, Successors, Assigns, Lessees or Contractors is required to provide such retiree medical benefits for any such Participant:

- (a) PCC shall reimburse D-R or its Affiliates, Successors, Assigns, Lessees or Contractors the Classified Plan Expected Cost, prorated for each such Participant, which will be estimated based on actuarial methods and factors, including the historical experience of the plans, expected medical cost and utilization trend, demographic differences and the Relative Cost Factor. This amount shall be divided and reimbursed in four equal installments at the end of each calendar quarter.
- (b) Either PCC or D-R shall have the right to request that the Actuarial Firm perform a new relative value analysis of the Classified Employee Retiree Medical Plan(s) and the Amended Medical Plan, or any successor thereto: (i) at the termination of any collective bargaining agreement to which D-R or any of its Affiliates, Successors, Assigns, Lessees or Contractors are signatory or every five years, whichever occurs first; and (ii) in the event legislation is enacted which affects the terms or costs of any such plan. The party requesting such new relative value analysis shall pay all costs and expenses associated therewith.

ARTICLE IV
WORKERS' COMPENSATION AND FEDERAL BLACK LUNG LIABILITIES

4.1. General.

In order to assist PCC with regard to the satisfaction of the Workers' Compensation and Federal Black Lung Liabilities, PCC and D-R agree as follows:

(a) Administration.

PCC or one or more of its Affiliates shall be solely responsible for administering the Workers' Compensation and Black Lung Liabilities, including making such determinations, awarding and denying such benefits, seeking such administrative and judicial rulings and remedies and taking all such other actions as PCC shall deem necessary or appropriate.

(b) Notices and Communication.

- (i) D-R and PCC agree to cooperate with each other in providing any notices that may be necessary to the appropriate Governmental Authority regarding the allocation between PCC, on the one hand, and D-R, on the other hand, of the Workers' Compensation and Federal Black Lung Liabilities.
- (ii) In the event D-R or any of its Affiliates, Successors, Assigns, Lessees or Contractors receive any Communications that are related to the Workers' Compensation and Federal Black Lung Liabilities, D-R agrees that it shall, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to, send promptly to PCC or its designated Affiliate a copy of any such Communications.
- (iii) D-R and PCC agree to cooperate with each other in providing such notices of the allocation of liabilities under the Acquisition

Agreement as D-R and PCC deems appropriate to any insurer or third party administrator providing services or benefits related to the Workers' Compensation and Federal Black Lung Liabilities.

4.2. Litigation and Disputes.

PCC shall have the right to resolve or defend against any claim that is related to the Workers' Compensation and Federal Black Lung Liabilities in such manner as PCC in its discretion deems appropriate, in accordance with such procedures as PCC deems appropriate and with the controlling Workers' Compensation Act and federal black lung Laws, including raising the defense that D-R is the responsible operator under the federal black lung Laws because D-R or its Affiliates, Successors, Assigns, Lessees or Contractors is a successor-in-interest to PCC or its Affiliates; provided, however, that D-R shall have the right to respond that PCC is the responsible operator under the federal black lung Laws notwithstanding D-R's acquisition of the Purchased Assets. PCC also shall have the right to institute or defend against any litigation related to the Workers' Compensation and Federal Black Lung Liabilities, except that PCC shall promptly notify D-R of any workers' compensation or federal black lung claim in which it intends to assert that D-R is responsible for payment of the same under the Acquisition Agreement, in which case D-R shall have the right to intervene in any such action to oppose PCC's position. Any dispute as to which entity is the responsible entity for such workers' compensation claims shall be determined in accordance with the Workers' Compensation Acts, and any dispute as to which entity is the responsible operator for such black lung claims shall be determined in accordance with the federal black lung Laws.

4.3. No Adverse Changes.

D-R agrees that it will, and will cause its Affiliates, Successors, Assigns, Lessees or Contractors to, use its or their commercially reasonable

efforts to retain in effect any lawful program or practice of PCC or its Affiliates in effect at Closing that is intended to reduce employer liability or the length of time an employee is entitled to receive benefits under the Workers' Compensation Act.

4.4. Recurrence of Prior Claims.

In the event D-R or any of its Affiliates, Successors, Assigns, Lessees or Contractors receives a claim under the applicable Workers' Compensation Acts or federal black lung Laws and D-R or its Affiliates, Successors, Assigns, Lessees or Contractors believes in good faith that such claim relates to, or is a recurrence of, a prior claim that constituted a Workers' Compensation or Federal Black Lung Liability (a "Recurrence Claim"), the provisions of this Section 4.4 shall govern. D-R shall promptly notify PCC of any Recurrence Claim and the basis for its determination that such claim is a Recurrence Claim prior to communicating its determination to any other person or entity. If PCC agrees with D-R that such claim is a Recurrence Claim, such claim shall be deemed a Workers' Compensation and Federal Black Lung Liability, and the rights and obligations of the parties shall be as provided in this Article IV. If PCC disagrees with D-R's position, the matter will be submitted to the appropriate Governmental Authority for a determination, with each side being responsible for its respective costs in such procedure. D-R recognizes that in the event the employee who has filed the claim disagrees with the position of the parties with respect to a Recurrence Claim, the employee may file a claim with the appropriate Governmental Authority for a determination. In any such case, PCC and D-R shall each have the right to defend its position, with each side bearing the cost of its own defense.

ARTICLE V
EMPLOYEE RELATED LIABILITIES

5.1. Employee Related Liabilities.

In order to assist PCC with regard to the satisfaction of the Employee Related Liabilities, PCC and D-R agree as follows:

- (a) Administration. PCC or one or more of its Affiliates shall be solely responsible for administering the Employee Related Liabilities, making such determinations, awarding and denying such benefits, seeking such administrative and judicial rulings and remedies and taking all such other actions as PCC shall deem necessary or appropriate.
- (b) Notices and Communication.
 - (i) PCC has the exclusive right to provide such notices as PCC deems necessary or appropriate to Employees or other beneficiaries regarding any matters related to the Employee Related Liabilities and to any third parties providing services or benefits related to the Employee Related Liabilities.
 - (ii) In the event D-R or any of its Affiliates, Successors, Assigns, Lessees or Contractors receives any Communications that are related to the Employee Related Liabilities, D-R shall promptly send, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors promptly to send, such Communications to PCC or its designated Affiliate.

(iii) D-R agrees to provide on a monthly basis for a period of 12 months following the Closing Date, the names and social security numbers of any non-Classified Employees hired by D-R or its Affiliates, Successors, Assigns, Lessees or Contractors and further agrees to provide, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to provide, all information in its or their possession or under its or their control reasonably requested by PCC in order to administer and satisfy any Employee Related Liabilities.

(c) Litigation. PCC shall have the exclusive right to pursue and/or defend currently pending litigation, or to commence and/or defend future litigation, with respect to any issue related to any Employee Related Liabilities, as PCC shall deem necessary or appropriate.

ARTICLE VI
Collective bargaining agreement

6.1. Collective Bargaining Agreement Liabilities.

In order to assist D-R with regard to the satisfaction of the Collective Bargaining Agreement Liabilities, PCC and D-R agree as follows: (a) Panel Forms.

(i) Promptly after the Closing, PCC shall provide to D-R the existing panel forms and Contractor Interest Forms, if any, for the Classified Employees on Schedule 3.13(b) of the Acquisition Agreement who were laid off prior to the layoff mandated by Section 8.1(a) of the Acquisition Agreement ("Closing Layoff").

- (ii) At the time of the Closing Layoff, PCC shall provide to such Classified Employees the forms that are necessary for such Classified Employees to provide their panel information in accordance with the Collective Bargaining Agreements and shall advise such Classified Employees to return those forms to PCC within the time allowed under the Collective Bargaining Agreements.
- (iii) Within a reasonable period of time after the panel forms must be returned under the Collective Bargaining Agreements, PCC shall provide all forms that have been returned to D-R.
- (iv) PCC shall notify D-R of any Classified Employee on Schedule 3.13(b) of the Acquisition Agreement who failed to submit a panel form as required under the Collective Bargaining Agreements, and PCC and D-R shall cooperate with each other to determine the final status of all Classified Employees on Schedule 3.13(b) of the Acquisition Agreement.

ARTICLE VII
DISPUTE RESOLUTION

Disputes under or alleged violations of this Agreement shall be handled in accordance with the Dispute resolution procedure set forth in Article VII of the Indemnification and Guaranty Agreement.

ARTICLE VIII
TERM

The term of this Agreement shall commence as of the Closing Date and shall continue through the completed satisfaction of all of the Coal Act Liabilities, Post-94 Retiree Medical Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities.

ARTICLE IX
MISCELLANEOUS

9.1. Cooperation.

- (a) To the extent permitted by Law and on a timely basis, D-R agrees to take any reasonable action, provide information and execute any appropriate documents, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to take any reasonable action, provide information and execute any appropriate documents, that PCC reasonably requests in order to assist PCC with regard to the administration and satisfaction of the Coal Act Liabilities, Post-94 Retiree Medical Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities. Upon written request by D-R, PCC shall reimburse D-R for costs above \$10,000 per year that are reasonably incurred by D-R or its Affiliates as a result of actions taken by it or them under this Agreement. Prior to payment of such costs, PCC shall be entitled to receive a detailed invoice of such costs from D-R if so requested by PCC.
- (b) PCC and D-R shall cooperate with each other to determine the timing and manner of transferring the Books and Records to D-R after the Closing, provided, however, that D-R or its Affiliates shall have immediate access to all such Books and Records while still in the possession of PCC (including, without limitation, access to the forms described in Section 6.1 hereof) and provided, further, that PCC or its Affiliates shall have reasonable access to, and shall be allowed

to copy at its sole expense, any Books and Records to which PCC reasonably believes it needs access or for which PCC reasonably believes it needs copies after the Closing.

- (c) PCC, its Affiliates, successors and assigns shall have reasonable access to, and shall be allowed to copy at their sole expense, any title abstracts, title files, records, deeds or other title documents related to their real property interests. D-R, its Affiliates, successors and assigns shall have reasonable access to, and shall be allowed to copy at their sole expense, any title abstracts, title files, records, deeds or other title documents related to the Real Property.
- (d) PCC or its Affiliates and D-R or its Affiliates will jointly work with the respective Commissioners of Revenue to prepare new tax assessments for the Real Property and PCC's retained real property. The parties have used commercially reasonable efforts to include the correct tax ticket numbers in an exhibit to be attached to and referenced in the Conveyance Deeds in order to identify the Real Property being transferred to D-R. To the extent it is later determined that different tax ticket numbers should have been included on or removed from the Conveyance Deeds, each party agrees to take any reasonable action, provide information and execute any appropriate documents, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to take any reasonable action, provide information and execute any appropriate documents, that the other party reasonably requests in order to ensure that the Conveyance Deeds reference the tax ticket numbers associated with the actual Real Property transferred to D-R.

9.2. Continuing Obligations.

Any failure by PCC or by D-R or its Affiliates, Successors, Assigns, Lessees, or Contractors to comply with any of their obligations in this Agreement shall not relieve PCC or D-R of any of their Liabilities or obligations under the Acquisition Agreement.

9.3. D-R Communication with Third Parties.

Unless otherwise agreed to in writing by PCC or except as permitted specifically by this Agreement and the Acquisition Agreement, neither D-R nor any of its Affiliates, Successors, Assigns, Lessees or Contractors will make any public statements or communicate with the UMWA, the United Mine Workers of America Combined Benefit Fund, the 1992 UMWA Benefit Plan, the UMWA Pension Plans, any beneficiary of any Employee Benefit Plan, or any other Person or entity (collectively, "Third Parties") with respect to or concerning the Coal Act Liabilities, Post-94 Retiree Medical Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities. Notwithstanding the foregoing, in the event PCC fails to take such actions as are necessary to comply with its obligations under the Acquisition Agreement and this Agreement with respect to any of the Coal Act Liabilities, Post-94 Retiree Medical Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities within a reasonable time after receiving notice from D-R that attempts have been or are being made to obtain information concerning or to impose any of the Coal Act Liabilities, Post-94 Retiree Medical Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities on D-R or any of its Affiliates, Successors, Assigns, Lessees or Contractors, D-R shall be permitted to communicate with the appropriate Third Party regarding PCC's obligations with respect to such Coal Act Liabilities, Post-94 Retiree Medical Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities. In addition, notwithstanding anything in the foregoing to the contrary, in the event any Third Party contacts D-R to inquire about PCC's or any of its Affiliates obligations with respect to such Coal Act Liabilities, Post-94 Retiree Medical Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities under this Agreement, D-R is permitted to direct such Third Party to contact PCC for additional information.

9.4. Litigation Support.

In the event and for as long as PCC is actively contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand related to the Coal Act Liabilities, Post-94 Retiree Medical Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities, D-R will, to the extent reasonable, cooperate, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to cooperate, with PCC and its counsel in the contest or defense, make available their personnel and provide such testimony and access to their books, documents and records as shall be reasonably necessary in connection with the contest or defense.

9.5. Confidentiality.

Except as otherwise provided in this Agreement, each party hereto covenants and agrees to keep confidential the existence of this Agreement and the contents of this Agreement at all times while any provision of this Agreement is in force, unless and to the extent that a party shall be required to disclose the same by generally accepted accounting principles, Law or judicial order or decree or administrative regulation or order or in order to comply with its obligations hereunder; provided, however, that any party that believes it may be required to disclose this Agreement or any provisions hereof shall promptly notify the other hereto in writing and afford such other party the opportunity to determine whether disclosure is in fact required or if the scope of the required disclosure can be reduced and provided further, however, that notwithstanding anything in this Section 9.5 or in Section 9.3 hereof to the contrary, without notifying the other party, any party may disclose the existence and contents of this Agreement:

- (a) to any employees within the party's organization who need to know of this Agreement in order for the party to comply with its obligations hereunder, so long as such employees at the time of disclosure are required to comply with this Section 9.5;
- (b) to D-R's Affiliates, Successors, Assigns, Lessees, Contractors and their employees, attorneys, accountants, consultants and lenders who need to know of the Agreement, so long as such entities and persons agree to comply with this Section 9.5;
- (c) to any third-party contractor whose services the party requires in order for the party to comply with its obligations hereunder so long as such contractor is contractually obligated to comply with this Section 9.5;
- (d) in the financial statements of the party as required by generally accepted accounting principles; or
- (e) to any attorneys, accountants, consultants or lenders of a party for whom the party agrees to be responsible for the compliance herewith.

9.6. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, but without reference to the choice of law provision thereof.

9.7. Successors and Assigns.

This Agreement and each party's respective rights hereunder may not be assigned at any time except as expressly set forth herein without the prior written consent of the other party, which consent shall not be unreasonably withheld, except that PCC may assign its rights hereunder to any Affiliate of PCC after the Closing Date without the consent of D-R and D-R may assign its rights hereunder to any Affiliate of D-R after the Closing Date without the consent of PCC.

If to D-R: Dickenson-Russell Coal Company, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

With a copy to: First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

DICKENSON-RUSSELL COAL COMPANY, LLC

By: /s/ Anthony McGartland

Name: Anthony McGartland
Title: President

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development and
Technical Resources

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

PITTSTON COAL COMPANY

AND

PARAMONT COAL COMPANY VIRGINIA, LLC

October 29, 2002

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of the 29th day of October, 2002, by and between PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), and Paramount Coal Company virginia, LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, PCC owns, directly or indirectly, all of the outstanding capital stock of the corporations listed on Schedule 1.4 (the "Asset Sale Companies");

WHEREAS, PCC desires to cause to be sold and assigned, and Buyer desires to purchase and assume, certain of the assets and certain of the Liabilities (as hereinafter defined) of the Asset Sale Companies;

WHEREAS, PCC desires to cause the Asset Sale Companies to retain certain assets and certain Liabilities;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PCC and Buyer agree that:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified:

1.1. Administrative Services Agreement.

"Administrative Services Agreement" shall mean the agreement by and between PCC and Buyer, an outline of which is attached hereto Exhibit A.

1.2. Affiliate.

"Affiliate" shall mean, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Agreement, none of Dominion Terminal Associates or any of its partners, other than Pittston Coal Terminal Corporation, shall be deemed an Affiliate of PCC or any of its Affiliates.

1.3. Agreement.

"Agreement" shall mean this Asset Purchase Agreement, together with the Exhibits and Schedules attached hereto, which are incorporated into this Asset Purchase Agreement by this reference, as the same may be amended from time to time in accordance with the terms hereof.

1.4. Asset Sale Companies.

"Asset Sale Companies" shall have the meaning given to it in the Recitals to this Agreement. The term "Asset Sale Company" shall mean one of the Asset Sale Companies.

1.5. Assignment and Assumption Agreements.

"Assignment and Assumption Agreements" shall mean the assignment and assumption agreements substantially in the form of Exhibit B attached hereto.

1.6. Assumed Liabilities.

"Assumed Liabilities" shall mean all Liabilities of the Asset Sale Companies listed on Schedule 1.6.

1.7. Audited Closing Date Financial Statements.

"Audited Closing Date Financial Statements" shall have the meaning set forth in Section 5.10 hereof.

1.8. Bills of Sale.

"Bills of Sale" shall mean the bills of sale substantially in the form of Exhibit C attached hereto.

1.9. Books and Records.

"Books and Records" shall mean the original or true and complete copies of all of the books and records of the Asset Sale Companies pertaining to the Purchased Assets, including but not limited to, customer lists, employee records for those Employees employed by Buyer on or immediately following the Closing Date, purchase orders and invoices, sales orders and sales order log books, credit and collection records, plats, drawings and specifications, environmental and mining reports and studies, correspondence and miscellaneous records with respect to customers and supply sources, lessors and lessees, maps, core logs, engineering data, equipment maintenance records and all other general correspondence, records, books and files owned by any Asset Sale Company, but excluding any and all Tax Returns, books and records relating to the Retained Liabilities and corporate records of the Asset Sale Companies.

1.10. Business.

"Business" shall mean the coal mining and sale business conducted by the Asset Sale Companies using the Purchased Assets.

1.11. Buyer.

"Buyer" shall have the meaning given to it in the preamble of this Agreement.

1.12. Buyer's Affiliates, Successors, Assigns, Lessees or Contractors.

"Buyer's Affiliates, Successors, Assigns, Lessees or Contractors" shall mean Buyer's Affiliates, Buyer's contractual successors and assigns, and lessees and contractors who, as part of a contractual arrangement with Buyer or one of its Affiliates, offer employment to the current or former Employees of an Asset Sale Company.

1.13. Buyer Closing Certificate.

"Buyer Closing Certificate" shall mean the certificate of Buyer substantially in the form of Exhibit D attached hereto.

1.14. Buyer's Ultimate Parent.

"Buyer's Ultimate Parent" shall mean Alpha Natural Resources, LLC, a Delaware limited liability company.

1.15. CERCLA.

"CERCLA" shall have the meaning set forth in Section 1.33 hereof.

1.16. CERCLIS.

"CERCLIS" shall have the meaning set forth in Section 3.7 hereof.

1.17. Closing.

"Closing" shall mean the closing of the transactions contemplated by this Agreement beginning at 10:00 a.m., local time, on the Closing Date, at the offices of Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

1.18. Closing Date.

"Closing Date" shall mean November 30, 2002 or such other date as the parties may mutually agree in writing, subject to the provisions of Section 5.10(a) hereof.

1.19. Coal Act.

"Coal Act" shall mean the Coal Industry Retiree Health Benefit Act of 1992 as amended through the Closing Date (codified at Subtitle J of the Code).

1.20. Coal Inventory.

"Coal Inventory" shall mean the coal stockpile inventory and loaded shipments in transit to a pier or at a pier owned by the Asset Sale Companies at the locations listed on Schedule 1.20.

1.21. COBRA.

"COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

1.22. Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, where appropriate, any predecessor or successor provisions of Law, and all regulations thereunder.

1.23. Contaminated.

"Contaminated" shall mean the presence of one or more Hazardous Substances in such quantity or concentration as to: (i) violate any Environmental Law; (ii) require disclosure to any Governmental Authority; (iii) require remediation or removal; or (iv) interfere with or prevent the use of any of the Purchased Assets as customarily intended.

1.24. Contracts.

"Contracts" shall mean the written contracts, agreements, personal and real property leases, relationships and commitments, of the Asset Sale Companies listed on Schedule 1.24.

1.25. Controlled Group.

"Controlled Group" shall have the meaning set forth in Codess.1563.

1.26. Cooperation Agreement.

"Cooperation Agreement" shall mean the agreement by and among the PCC Parent, PCC and Buyer substantially in the form of Exhibit E attached hereto.

1.27. CPA Arbitrator.

"CPA Arbitrator" shall have the meaning set forth in Section 2.2(b) hereof.

1.28. Dispute.

"Dispute" shall have the meaning set forth in Section 10.14 hereof.

1.29. Employee.

"Employee" shall mean any Person (i) employed by and rendering personal services for an Asset Sale Company or (ii) receiving short-term or long-term disability benefits from an Asset Sale Company under an Employee Benefit Plan. The term "current and former Employees" shall mean any Persons who fall within the term Employee at any time prior to the Closing Date.

1.30. Employee Benefit Plans.

"Employee Benefit Plans" shall have the meaning set forth in Section 3.11 hereof.

1.31. Engagement Letter.

"Engagement Letter" shall mean the engagement letter by and among PCC, Buyer and KPMG LLP substantially in the form of Exhibit G attached hereto.

1.32. Environment.

"Environment" shall mean surface or ground water, water supply, soil or the ambient air.

1.33. Environmental Laws.

"Environmental Laws" shall mean collectively, all federal, foreign, state, and local Laws in effect as of the Closing Date that relate to (a) the prevention, abatement or elimination of pollution, or the protection of the environment, or of natural resources, including, without limitation, Laws applicable to coal mining operations or related activities, (b) the generation, handling, treatment, storage, disposal or transportation of waste materials, (c) the regulation of or exposure to Hazardous Substances, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C.ss.ss.9601 et. seq. ("CERCLA"), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, as amended, 42 U.S.C.ss.ss.6901 et. seq. ("RCRA"), the Clean Air Act, 42 U.S.C.ss.ss.7401 et. seq., the Clean Water Act, 33 U.S.C.ss.ss.1251 et. seq., the Toxic Substances Control Act, 15 U.S.C.ss.ss.2601 et. seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. ss.ss.11001 et. seq., and any foreign, state, county, municipal, or local statutes, Laws or ordinances similar or analogous to the federal statutes listed in this sentence.

1.34. Environmental Matter.

"Environmental Matter" shall mean any assertion of a violation, claim or directive by any Governmental Authority or any other Person for personal injury, damage to property or the Environment, nuisance, contamination or other adverse effects on the Environment, or for damages or restrictions resulting from or related to (i) the operation of PCC's or its Affiliates' business or any predecessor or the ownership, use or operation at or on any real property or

other assets owned, operated or leased by PCC or its Affiliates or any predecessor; or (ii) the existence or the continuation of a Release of, or exposure to, or the transportation, storage or treatment of any Hazardous Substance into the Environment from or related to any real property or assets currently or formerly owned, operated or leased by PCC or its Affiliates or any activities on or operations thereof.

1.35. Environmental or Response Action.

"Environmental or Response Action" shall mean all actions required (i) to clean up, remove, treat or in any other way address any Hazardous Substance or other substance; (ii) to prevent the Release or threat of Release, or minimize the further Release of any Hazardous Substance or other substance so it does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor Environment; (iii) to perform pre-remedial studies and investigations or post-remedial monitoring and care; (iv) to bring facilities on any real property currently or formerly owned, operated or leased by PCC or its Affiliates and the facilities located and operations conducted thereon into compliance with all Environmental Laws and Reclamation Laws and all permits and other authorizations, and the filing of all notifications and reports required under any Environmental Laws and Reclamation Laws; or (v) for the purpose of environmental protection of any real property currently or formerly owned, operated or leased by PCC or its Affiliates.

1.36. EPA.

"EPA" shall have the meaning set forth in Section 3.7 hereof.

1.37. Equipment.

"Equipment" shall mean the tangible machinery, vehicles, equipment, furniture, fixtures, furnishings, trailers, tools, parts and other personal property owned or leased by the Asset Sale Companies listed on Schedules 1.37(a) and 1.37(b), respectively.

1.38. ERISA.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.39. ERISA Affiliates.

"ERISA Affiliates" shall mean any trade or business (whether or not incorporated) that is part of the same Controlled Group as, or under common control with, or part of an affiliated service group that includes, PCC and each of the Asset Sale Companies within the meaning of Section 414(b), (c), (m) or (o) of the Code.

1.40. Fiduciary.

"Fiduciary" shall have the meaning set forth in ERISA ss.3(21).

1.41. Final VC 5 Cost.

"Final VC 5 Cost" shall have the meaning set forth in Section 2.2(b) hereof.

1.42. Fiscal Year Financial Statements.

"Fiscal Year Financial Statements" shall have the meaning set forth in Section 5.10(a).

1.43. GAAP.

"GAAP" shall mean United States generally accepted accounting principles as in effect from time to time.

1.44. Governmental Authority.

"Governmental Authority" shall mean any governmental, judicial, legislative, executive, administrative or regulatory authority of the United States, or of any foreign, state or local government or any subdivision, agency, commission, office, authority or bureau thereof or any quasi-governmental entity or authority of any nature.

1.45. Hazardous Substances.

"Hazardous Substances" shall mean any substance, chemical, waste, solid, material, pollutant or contaminant that is defined or listed as hazardous or toxic under any applicable Environmental Laws. Without limiting the generality of the foregoing it shall also include any radioactive material, including any naturally-occurring radioactive material, and any source, special or by-product material as defined in 42 U.S.C. 2011, et seq., any amendments or authorizations thereof, any asbestos-containing materials in any form or condition, any polychlorinated biphenyls in any form or condition, radioactive waste, or natural gas, natural gas liquids, liquified natural gas, condensate, or derivatives or byproducts thereof or oil and petroleum products or by products and constituents thereof.

1.46. Health and Safety Requirements.

"Health and Safety Requirements" shall mean all applicable federal, state, local and foreign Laws concerning public health and safety and worker health and safety each as in effect as of the Closing Date, other than Environmental Laws.

1.47. HIPAA.

"HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996, as amended, and all rules and regulations thereunder.

1.48. Income Tax or Income Taxes.

"Income Tax or "Income Taxes" shall mean any Tax based on or measured by net income.

1.49. Indemnification and Guaranty Agreement.

"Indemnification and Guaranty Agreement" shall mean the agreement by and among PCC Parent, PCC, Buyer and Buyer's Ultimate Parent substantially in the form of Exhibit H attached hereto.

1.50. Independent Surveyor.

"Independent Surveyor" shall have the meaning set forth in Section 2.12(b) hereof.

1.51. Intellectual Property.

"Intellectual Property" shall mean the trademarks, service marks, patents, copyrights (including any registrations, applications, licenses or rights relating to any of the foregoing), technology, logos, trade secrets, confidential information related to the Purchased Assets, inventions, know-how, designs, technical data, drawings, customer and supplier lists, pricing and cost information, or computer programs and processes and all goodwill associated therewith and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions owned or licensed or leased by the Asset Sale Companies listed on Schedules 1.51(a) and 1.51(b), respectively, including, without limitation, the trademarks, service marks, logos or other rights related to the name "Paramont."

1.52. IRS.

"IRS" shall mean the United States Internal Revenue Service.

1.53. Knowledge of PCC.

"Knowledge of PCC" shall mean, for the individuals listed on Schedule 1.53, any such individual's actual knowledge and what any such individual should have known after reasonable inquiry within the scope of that individual's job responsibilities.

1.54. Law.

"Law" and "Laws" shall mean any applicable United States or foreign, federal, state, local or other law or governmental requirement of any kind, and the rules, regulations and orders promulgated thereunder.

1.55. Lien.

"Lien" shall mean any lien, encumbrance, mortgage, charge, claim, restriction, pledge, security interest or imposition of any kind.

1.56. Liability.

"Liability" shall mean any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), including any liability for Taxes. Liabilities shall mean one or more items of Liability.

1.57. Material Adverse Effect.

"Material Adverse Effect" shall mean any event, change or occurrence that individually, or together with any other event, change or occurrence, has a material adverse impact on the Business, taken as a whole, without regard to the duration of such material adverse impact.

1.58. MD&A Disclosure.

"MD&A Disclosure" shall mean any "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure (required by Item 303 of Regulation S-K promulgated by the SEC (or any successor rule or regulation of the SEC)) to be prepared for the fiscal years covered by the Fiscal Year Financial Statements and the period covered by the Audited Closing Date Financial Statements.

1.59. Medical Plans.

"Medical Plans" shall mean any and all benefit plans that provide medical, vision and dental benefits to current or former Employees sponsored or maintained by or on behalf of, or for the benefit of, PCC or any Asset Sale Company, including the Comprehensive Medical Expense Benefits Plan of The Pittston Company and Its Subsidiaries.

1.60. Mining Activities.

"Mining Activities" shall mean those activities of the Asset Sale Companies that have taken place on or through the use of the Purchased Assets that involve surface, underground and auger mining, processing or transporting of coal and the handling of coal by-products.

1.61. Mining Environmental Liabilities.

"Mining Environmental Liabilities" shall mean Liabilities that relate to or arise from both of the following: (i) any of the Hazardous Substances set forth on Schedule 1.61 and (ii) an Environmental Matter or Environmental and Response Action associated with Mining Activities to the extent that such Mining Activities conformed to industry standard practices at the time such Mining Activities were conducted.

1.62. MSHA.

"MSHA" shall have the meaning set forth in Section 3.7 hereof.

1.63. Multiemployer Plan.

"Multiemployer Plan" shall have the meaning set forth in Section 3.11 hereof.

1.64. Operator.

"Operator" shall have the meaning set forth in Section 3.7 hereof.

1.65. Ordinary Course of Business.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

1.66. OSM.

"OSM" shall have the meaning set forth in Section 3.7 hereof.

1.67. Paramount Service Agreement.

"Paramount Service Agreement" shall mean the agreement by and between Buyer and PCC, substantially in the form of Exhibit F attached hereto.

1.68. Parts, Fuel and Supplies Inventory.

"Parts, Fuel and Supplies Inventory" shall include the categories of items listed on Schedule 1.68.

1.69. PBGC.

"PBGC" shall mean the Pension Benefits Guaranty Corporation.

1.70. PCC.

"PCC" shall have the meaning given to it in the preamble to this Agreement.

1.71. PCC Bonds.

"PCC Bonds" shall have the meaning set forth in Section 3.7(g) hereof.

1.72. PCC Closing Certificate.

"PCC Closing Certificate" shall mean the certificate of PCC substantially in the form of Exhibit I attached hereto.

1.73. PCC Group.

"PCC Group" shall have the meaning set forth in Section 1.89(j) hereof.

1.74. PCC Parent.

"PCC Parent" shall mean The Pittston Company, a Virginia corporation.

1.75. Pension Plans.

"Pension Plans" shall have the meaning set forth in Section 3.11 hereof.

1.76. Permits.

"Permits" shall mean the written permits, licenses, orders, certificates, registrations, approvals and similar rights held by the Asset Sale Companies listed on Schedule 1.76.

1.77. Permitted Liens.

"Permitted Liens" shall mean those Liens affecting the Purchased Assets that are listed on Schedule 1.77.

1.78. Person.

"Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Authority.

1.79. Post-Closing Period.

"Post-Closing Period" shall mean any taxable period beginning after the Closing Date.

1.80. Pre-Closing Period.

"Pre-Closing Period" shall mean any taxable period ending on or before the Closing Date.

1.81. Promissory Note.

"Promissory Note" shall mean the secured promissory note made by Buyer in favor of PCC in the amount determined in accordance with Section 2.12, to be dated as of the Closing Date, in a form to be agreed upon by the parties hereto.

1.82. Purchase Price.

"Purchase Price" shall mean the cash amount of \$10,565,000 (which amount shall include \$620,000 for the Parts, Fuel and Supplies Inventory, \$1,640,000 for the Coal Inventory, \$55,000 for one continuous miner and \$250,000 for one helicopter), plus the Promissory Note, plus the VC 5 Estimate, subject to the adjustment provided for in Section 2.2(b).

1.83. Purchased Assets.

"Purchased Assets" shall mean all right, title and interest in and to the Coal Inventory, Parts, Fuel and Supplies Inventory, Equipment, Books and Records and Intellectual Property of the Asset Sale Companies and the rights of the Asset Sale Companies with respect to the Contracts and the Permits.

1.84. Qualified Plans.

"Qualified Plans" shall have the meaning set forth in Section 3.11 hereof.

1.85. RCRA.

"RCRA" shall have the meaning set forth in Section 1.33 hereof.

1.86. Reclamation Laws.

"Reclamation Laws" shall mean all federal, state and local Laws, as now or hereafter in effect, relating to coal mining reclamation activities or Liabilities. For purposes of this definition, "coal mining" shall include, but not be limited to, any activities defined under the Surface Mining Control and Reclamation Act of 1977, as amended, as "surface coal mining operations."

1.87. Related Persons.

"Related Persons" shall mean related persons as that term is defined in Section 9701(c)(2) of the Coal Act, except that it shall not include successors in interest.

1.88. Release.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, dumping or disposing into the Environment of Hazardous Substances.

1.89. Retained Liabilities.

"Retained Liabilities" shall mean all of the Liabilities of each Asset Sale Company, other than the Assumed Liabilities, including, without limitation, the following:

- (a) the Liabilities listed on Schedule 1.89(a);
- (b) all Liabilities arising under applicable Workers' Compensation Acts for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, and (ii) the current and former Employees of the

Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, but only with respect to claims where the date of injury or the date of last injurious exposure occurred prior to the date such Employees began working for Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors;

- (c) all Liabilities arising under the federal black lung Laws for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, to the extent and in the amounts provided in the federal black lung Laws, but only until such time as Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors becomes the responsible operator under the federal black lung Laws for such Employees;
- (d) all Liabilities for medical, dental, vision and other benefits and expenses covered under the Medical Plans including related insurance costs or premiums for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, (ii) the current or former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, but only with respect to the period prior to the date such Employees began working for Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors and (iii) in either case, all such Liabilities under COBRA, HIPAA and other Laws, including all Liabilities of a Fiduciary for breach of fiduciary duty or any other failure to act or comply in connection with the administration of such Medical Plans;

- (e) unless such Liabilities are otherwise retained pursuant to Section 1.89(j) hereof, all Liabilities arising under or based upon the Employee Benefit Plans sponsored or maintained by, on behalf of or for the benefit of such Asset Sale Company or its Employees or in which such Asset Sale Company participated (other than the Medical Plans), including all Liabilities arising from or related to the termination thereof or Liabilities of a Fiduciary for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan;
- (f) all Liabilities for salaries, wages, bonuses, vacation days, personal days and similar forms of leave or compensation for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, that are accrued, due or earned up to the date such Employees began working for Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors and for which such Employees are eligible;
- (g) all Liabilities for terminated contract miner performance escrow amounts (including interest) accrued up to the Closing Date;
- (h) all Liabilities for accounts payable for which goods have been shipped and delivered (whether or not invoiced) or services have been performed (whether or not invoiced) and related notes, trade payables and earned royalties, to the extent that an Asset Sale Company received a benefit before the Closing Date;

- (i) all Liabilities for claims of any current or former Employees pursuant to the WARN Act arising out of acts or omissions of the Asset Sale Companies prior to and including the Closing Date;
- (j) (1) all Liabilities, if any, of any Asset Sale Company and its Related Persons (collectively, the "PCC Group") under the Coal Act, and (2) all Liabilities, if any, of the PCC Group under any post-Closing amendments to the Coal Act for (i) beneficiaries eligible under the Coal Act who are assigned to a member of the PCC Group or for whom a member of the PCC Group is required to provide or pay for medical benefits pursuant to Sections 9711 or 9712 of the Coal Act or (ii) death benefit premiums or unassigned beneficiary premiums (as those terms are used in Sections 9704(c) and 9704(d) of the Coal Act) for beneficiaries eligible under the Coal Act, that are assessed against any member of the PCC Group; provided, for the ----- avoidance of doubt, that the Liabilities retained pursuant to (1) and (2) above shall not be affected by Buyer or any of its Affiliates being identified under the Coal Act or any post-Closing amendments thereto as a successor, successor in interest or "Related person" under the Coal Act or any post-Closing amendments thereto to any member of the PCC Group solely as a result of Buyer's purchase of the Purchased Assets;
- (k) unless such Liabilities are otherwise retained pursuant to Section 1.89(j) hereof, all Liabilities, if any, of such Asset Sale Companies for retiree medical benefits with respect to current or former Employees of such Asset Sale Company (and their eligible dependents and beneficiaries) who, on or prior to the Closing Date, satisfy the requirements for retiree medical benefits under any Employee Benefit Plan in which such Asset Sale Company participates;

- (l) all Liabilities relating to assets held in trust under any Qualified Plan sponsored or maintained by, on behalf of or for the benefit of such Asset Sale Company or its current or former Employees or in which such Asset Sale Company participates arising or relating to the period prior to the Closing Date;
- (m) all inter-company indebtedness owed by any Asset Sale Company to the PCC Parent or any of the PCC Parent's Affiliates;
- (n) all Liabilities arising out of or in connection with compliance prior to the Closing Date with Health and Safety Requirements pertaining to the Purchased Assets, and all Liabilities arising out of or in connection with compliance with all Laws relating to equal employment opportunity, employment, or labor relations concerning the employment of any Employee by the Asset Sale Companies, or relating to any other action taken or not taken by the Asset Sale Companies concerning (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, but only with respect to matters arising out of the employment of such Employees by the Asset Sale Companies;
- (o) except as set forth on Schedule 1.6, all Liabilities for the claims, legal actions, suits, litigation, arbitrations, disputes or investigations listed on Schedules 3.7 and 3.10;

- (p) all Liabilities of any of the Asset Sale Companies for unpaid Taxes with respect to any Tax year or portion thereof ending on or before the Closing Date or for any Tax year beginning before and ending after the Closing Date to the extent allocable to the portion of such period beginning before and ending on the Closing Date (to the extent of any inconsistencies with Article VII hereof, Article VII shall be controlling);
- (q) all amounts payable as the result of the consummation of the transactions contemplated by this Agreement that arise due to any change of control provision of any Contract other than those Contracts listed on Schedule 5.4(b);
- (r) all Liabilities of any of the Asset Sale Companies for the unpaid Taxes of any Person (including PCC and its subsidiaries) under Reg. ss.1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise;
- (s) all Liabilities for any Environmental Matter or Environmental or Response Action related to real property or any other asset owned, operated or leased by PCC or any of its Affiliates that is not a Purchased Asset (except to the extent otherwise provided in the Paramount Service Agreement or any other agreement entered into contemporaneously with this Agreement pursuant to which reclamation and other services are to be performed on PCC's or its Affiliates' idle properties);
- (t) all Liabilities for any Environmental Matter or Environmental or Response Action (other than Mining Environmental Liabilities) to the extent the underlying claim relates to or arises from any activity on or through the use of the Purchased Assets and is attributable to acts or omissions occurring at or prior to the Closing;

- (u) all Liabilities of PCC that become a Liability of Buyer under any bulk transfer Law of any jurisdiction;
- (v) all Liabilities under the contracts, agreements, personal and real property leases, relationships and commitments of the Asset Sale Companies listed on Schedule 1.89(v); and
- (w) all Liabilities related to Equipment retained by PCC and the Asset Sale Companies after the Closing Date but included within the Equipment leases listed Schedule 5.4(b).

1.90. Security Agreement.

"Security Agreement" shall mean the Security Agreement between Buyer and PCC, to be dated as of the Closing Date, in a form to be agreed upon by the parties hereto.

1.91. SEC.

"SEC" shall mean the Securities and Exchange Commission.

1.92. SMCRA.

"SMCRA" shall have the meaning set forth in Section 3.7 hereof.

1.93. Straddle Period.

"Straddle Period" shall mean any taxable period covering days before and after the Closing Date.

1.94. Tax or Taxes.

"Tax" or "Taxes" mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code ss.59A), custom duties, capital stock, franchise, profits, withholding, social security

(or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, reclamation fees or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, but shall not include, for purposes of this Agreement only, Liabilities under the Coal Act, of whatever nature and regardless of how denominated.

1.95. Tax Return.

"Tax Return" shall mean any original or amended report, return, declaration, claim for refund, statement, document, schedule, attachment or other information supplied or required to be supplied to a Governmental Authority with respect to Taxes, including any return of an affiliated, combined or unitary group.

1.96. VC 5.

"VC 5" shall mean that certain property owned indirectly by PCC depicted on Schedule 1.96.

1.97. VC 5 Calculation.

"VC 5 Calculation" shall have the meaning set forth in Section 1.99 hereof.

1.98. VC 5 Costs.

"VC 5 Costs" shall mean the amount that equals the sum of all costs and expenses in connection with VC 5 incurred by PCC and its Affiliates through the Closing Date.

1.99. VC 5 Estimate.

"VC 5 Estimate" shall mean:

- (a) if the expected VC 5 Costs minus the expected VC 5 Revenue (the "VC 5 Calculation") exceeds \$13,800,000, then the VC 5 Estimate shall be the amount by which the VC 5 Calculation exceeds \$13,800,000; or

(b) if the VC 5 Calculation is less than \$13,800,000, then the VC 5 Estimate shall equal the VC 5 Calculation minus \$13,800,000.

1.100. VC 5 Revenue.

"VC 5 Revenue" shall mean the amount that equals the sum of all revenues in connection with VC 5 received by PCC and its Affiliates through the Closing Date.

1.101. VDEQ.

"VDEQ" shall have the meaning set forth in Section 3.7 hereof.

1.102. VDMME.

"VDMME" shall have the meaning set forth in Section 3.7 hereof.

1.103. Virginia Entities.

"Virginia Entities" shall have the meaning set forth in Section 5.10(a) hereof.

1.104. WARN Act.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act, as amended.

1.105. Welfare Plans.

"Welfare Plans" shall have the meaning set forth in Section 3.11 hereof.

1.106. Workers' Compensation Acts.

"Workers' Compensation Acts" shall mean Laws that provide for awards to employees and their dependents for employment-related accidents and diseases.

ARTICLE II
PURCHASE AND SALE OF ASSETS

2.1. Transfer of Assets.

On the Closing Date, PCC (on behalf of the Asset Sale Companies) shall cause to be sold, conveyed, transferred, assigned, and delivered to Buyer, and Buyer shall acquire, the Purchased Assets. At the Closing, subject to the terms and conditions of this Agreement, PCC agrees to: (i) cause title to the Purchased Assets to be transferred and delivered to Buyer; and (ii) perform its obligations under this Agreement to be performed at or before Closing. In full payment for the Purchased Assets, Buyer shall: (i) assume the Assumed Liabilities; (ii) pay to PCC (which shall receive such amounts on behalf of the Asset Sale Companies) the Purchase Price by wire transfer of cash or other immediately available funds and execute and deliver to PCC the Promissory Note; and (iii) perform its obligations under this Agreement to be performed at or before Closing. Buyer shall not assume or have any responsibility with respect to any Liability of PCC Parent, PCC, the PCC Group or the Asset Sale Companies that is not an Assumed Liability.

2.2. Calculation of VC 5 Adjustment Amount.

- (a) No later than ten days before the Closing Date, PCC will deliver to Buyer documentation reasonably acceptable to Buyer detailing and supporting the VC 5 Estimate.
- (b) No later than 20 days after the Closing Date, PCC will deliver to Buyer documentation reasonably acceptable to Buyer detailing the VC 5 Costs and the VC 5 Revenue (the "Final VC 5 Cost"). The Final VC 5 Cost shall be equal to the VC 5 Costs minus the VC 5 Revenue as shown on such documentation. PCC and Buyer will use commercially reasonable efforts to resolve any differences within seven business days after the delivery by PCC of the

documentation detailing the Final VC 5 Costs. If PCC and Buyer cannot resolve any such differences within such seven business days period, the parties agree to submit any such differences to arbitration in Abingdon, Virginia, by the accounting firm of Deloitte & Touche, LLP or another accounting firm mutually acceptable to both parties (the "CPA Arbitrator") to resolve such differences. The CPA Arbitrator shall make such review and examination of the relevant facts and documents as the CPA Arbitrator deems appropriate, and shall permit each of Buyer and PCC to make a written presentation of their respective positions. Within forty-five (45) days after submission of such dispute by both parties, the CPA Arbitrator shall resolve all disputed items in writing and shall prepare and deliver its decision (which shall include a determination of the VC 5 Costs, the VC 5 Revenue and the Final VC 5 Cost), and which shall be final and binding upon the parties without further recourse or collateral attack and, as to each disputed matter, shall accept either Buyer's or PCC's position in its entirety and the party whose position is not accepted by the CPA Arbitrator on a particular disputed matter shall pay all fees and costs of such CPA Arbitrator to arbitrate such disputed matter. In accordance with the provisions of this Section 2.2(b): (i) Buyer shall pay PCC the amount, if any, by which the value of the Final VC 5 Cost exceeds the value of the VC 5 Estimate; or (ii) PCC shall pay Buyer the amount, if any, by which the value of the VC 5 Estimate exceeds the value of the Final VC 5 Cost. Such payment shall constitute an adjustment to the Purchase Price and shall be paid by wire transfer of cash or other immediately available funds within three business days after the completion of the procedures contemplated in this Section 2.2(b).

2.3. Bills of Sale, Assignment and Assumption Agreements and Other Documents.

At the Closing, PCC shall cause each of the Asset Sale Companies to: (i) execute and deliver to Buyer the Bills of Sale, the Assignment and Assumption Agreements and such other documents as may be necessary to convey to Buyer the Purchased Assets; and (ii) perform its obligations under the Agreement to be performed at or before the Closing.

2.4. Assumption of Liabilities.

At the Closing, Buyer shall execute and deliver to PCC the Assignment and Assumption Agreements and such other documents and instruments as may be necessary for Buyer to assume all of the Assumed Liabilities. Buyer shall not assume or have any responsibility, however, with respect to any Liability of PCC Parent, PCC, the PCC Group or the Asset Sale Companies that is not an Assumed Liability.

2.5. Proration of Liabilities.

PCC and Buyer shall cooperate with each other to provide for payments due with respect to the Assumed Liabilities and the Retained Liabilities during the payment period in which the Closing occurs with all such Liabilities prorated as of the Closing Date, if applicable.

2.6. Indemnification and Guaranty Agreement.

At the Closing, PCC, PCC Parent, Buyer's Ultimate Parent and Buyer shall execute and deliver the Indemnification and Guaranty Agreement.

2.7. Cooperation Agreement.

At the Closing, PCC and Buyer shall, and PCC shall cause PCC Parent to, execute and deliver the Cooperation Agreement pursuant to which Buyer, PCC Parent and PCC shall provide each other certain information and other assistance in connection with the collection, administration and/or satisfaction of certain of the Retained Liabilities.

2.8. Administrative Services Agreement.

At the Closing, PCC and Buyer shall execute and deliver the Administrative Services Agreement pursuant to which PCC or one of its Affiliates will provide certain services to Buyer and the Asset Sale Companies for a transition period.

2.9. Paramont Service Agreement.

At the Closing, PCC and Buyer shall execute and deliver the Paramont Service Agreement pursuant to which Buyer will cause one of its Affiliates to perform reclamation and other services on idle properties.

2.10. Security Agreement.

At the Closing, in order to secure Buyer's obligations under the Promissory Note, PCC and Buyer shall execute and deliver the Security Agreement.

2.11. Additional Documents.

At the Closing, PCC and Buyer shall, and PCC shall cause the Asset Sale Companies to, execute and deliver all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement, including the documents provided in Section 5.6 hereof and in this Article II.

2.12. Coal Inventory Adjustment.

- (a) In accordance with the provisions of this Section 2.12: Buyer shall pay PCC the amount, if any, by which the value of the Coal Inventory (as calculated in accordance with Sections 2.12(b)) is finally determined to be greater than \$1,640,000. Such payment shall constitute an adjustment to the Purchase Price and shall be paid by fixing the face amount of the Promissory Note within one business day after the completion of the procedures contemplated in Sections 2.12(b).

- (b) No later than three days before the Closing Date, the parties will agree upon the density of the various stockpiles that constitute the Coal Inventory. No later than two business days prior to the Closing, PCC and Buyer shall cause Tuck Engineering, Inc. (the "Independent Surveyor") to prepare and deliver to each of them a survey of all Coal Inventory of the Asset Sale Companies as of the Closing, which survey shall be conducted in accordance with the principles set forth on and shall be in substantially the format attached hereto as part of Schedule 2.12(b). PCC and Buyer shall, and shall cause their respective Affiliates to, cooperate with and make available any information reasonably requested by the Independent Surveyor in its preparation of its survey of the Coal Inventory. All determinations made by the Independent Surveyor in its survey of the Coal Inventory shall be final, binding and conclusive on the parties. PCC and Buyer shall each bear fifty percent of the fees and costs of the Independent Surveyor and any other third party incurred in connection with the calculation of the Coal Inventory pursuant to this Section 2.12(b).

2.13. Allocation of Purchase Price and Assumed Liabilities.

The Purchase Price and the Assumed Liabilities (to the extent they constitute part of the amount realized for federal Income Tax purposes) shall be allocated among the Purchased Assets in accordance with a schedule to be agreed upon by Buyer and PCC after the Closing Date. Buyer shall prepare such allocation schedule and deliver it to PCC within the later to occur of (i) ten (10) business days after the completion of the Audited Closing Date Financial Statements or (ii) ten (10) business days after the CPA Arbitrator's final resolution under Sections 2.2 and 2.12, if applicable. PCC shall be deemed to agree with such allocation schedule unless, within ten (10) days after the date PCC receives the allocation schedule from Buyer, PCC notifies Buyer in writing

of (i) each allocation with which it disagrees and (ii) for each such allocation, the amount that PCC proposes to allocate. If PCC provides such notice to Buyer, the parties shall proceed in good faith to resolve mutually the disputed allocation amounts within fifteen (15) days after the date on which PCC notifies Buyer of a disagreement with Buyer's proposed allocation. If PCC and Buyer cannot resolve any such differences, the parties agree to submit such differences to arbitration in Abingdon, Virginia, by the CPA Arbitrator to resolve such differences. The CPA Arbitrator shall make such review and examination of the relevant facts and documents as the CPA Arbitrator deems appropriate and shall permit each of Buyer and PCC to make a written presentation of their respective positions. Within forty-five (45) days after submission of such dispute by both parties, the CPA Arbitrator shall resolve such dispute in writing and shall prepare and deliver its decision, which shall (i) be based upon a determination of the fair market value of the Purchased Assets, (ii) defer to valuations that have been prepared in accordance with generally accepted valuation techniques absent manifest error, (iii) be final and binding upon the parties without further recourse or collateral attack and (iv) accept either Buyer's or PCC's position in its entirety. The party whose position is not accepted by the CPA Arbitrator shall pay all fees and costs of such CPA Arbitrator to arbitrate such dispute. The allocation schedule shall include, at a minimum, information necessary to complete Part II of IRS Form 8594. The allocation to the Purchased Assets is intended to comply with the requirements of Section 1060 of the Code. The parties shall cooperate to comply

with all substantive and procedural requirements of Section 1060, and except for any adjustment to the Purchase Price hereunder, after the completion and agreement by the parties to the allocation schedule, such allocation schedule shall be adjusted only if and to the extent necessary to comply with such requirements of Section 1060. Buyer and PCC agree that they will not take nor will they permit any Affiliate to take, for Income Tax purposes, any position inconsistent with such allocation schedule to the Purchased Assets; provided, however, that (i) Buyer's cost for the Purchased Assets may differ from the total amount allocated hereunder to reflect the inclusion in the total cost of items (for example, capitalized acquisition costs) not included in the total amount so allocated and (ii) the amount realized by the Asset Sale Companies may differ from the total amount allocated hereunder to reflect transaction costs that reduce the amount realized for federal Income Tax purposes.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PCC

PCC hereby represents and warrants to Buyer that the statements contained in this Article III are correct and complete, except as set forth in the Schedules delivered by PCC to Buyer in connection with this Agreement. The Schedules are arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Article III.

3.1. Incorporation.

PCC and each of the Asset Sale Companies are corporations duly organized, validly existing and in good standing under the Laws of the respective state or commonwealth of each such company's incorporation. PCC and each of the Asset Sale Companies that is not a corporation incorporated under the Laws of Virginia are duly qualified or licensed to transact business as a foreign corporation in Virginia and are in good standing under the laws of Virginia. Set forth on Schedule 3.1 is the name of each state or other jurisdiction in which each such company has either paid taxes or had an office in the three years prior to the date of this Agreement.

3.2. Execution, Delivery and Performance.

The execution, delivery and performance by PCC of this Agreement and by PCC and the applicable Asset Sale Company of each other agreement or instrument to which it is a party executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both: (i) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of PCC's or any Asset Sale Company's Articles of Incorporation or Bylaws or of any material franchise, mortgage, deed of trust, Lien, lease, license, instrument, agreement, consent, approval, waiver or understanding to which PCC or any Asset Sale Company is a party or by which any Asset Sale Company is bound, or any Law or any order, judgment, writ, injunction or decree to which PCC or any Asset Sale Company is a party or by which PCC, any Asset Sale Company or the Purchased Assets may be bound or affected; (ii) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or, except as set forth on Schedule 1.76, contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or Permit issued by a Governmental Authority that is held by PCC or the Asset Sale Companies or that otherwise relates to the Purchased Assets; or (iii) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which PCC or any Asset Sale Company is subject.

3.3. Authorization.

PCC has full power and authority to enter into and deliver this Agreement and to perform its obligations hereunder and each of PCC and the Asset Sale Companies has full power and authority to enter into and deliver each other agreement or instrument to which it is a party executed in connection herewith and delivered pursuant hereto and to perform its obligations thereunder. PCC's execution, delivery and performance of this Agreement and the execution, delivery and performance of all other agreements and instruments by PCC and each of the Asset Sale Companies in connection herewith and delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of PCC and each of the Asset Sale Companies. This Agreement and all other agreements or instruments executed by PCC or any of the Asset Sale Companies in connection herewith and delivered by PCC or any of the Asset Sale Companies pursuant hereto have been duly executed and delivered by PCC or such Asset Sale Companies and this Agreement and all other agreements and instruments executed by PCC or any of the Asset Sale Companies in connection herewith and delivered by PCC or any of the Asset Sale Companies pursuant hereto constitute the legal, valid and binding obligation of PCC or such Asset Sale Company, as the case may be, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

3.4. Absence of Changes.

Except as contemplated by this Agreement, since December 31, 2001, none of the Asset Sale Companies has, with respect to the Purchased Assets:

- (a) borrowed or agreed to borrow any funds or incurred, or become subject to, any Liability, or issued any note, bond or other debt security, or guaranteed any indebtedness for borrowed money or capitalized lease obligation, except Liabilities incurred in the Ordinary Course of Business, none of which would reasonably be expected to result in an impact greater than \$100,000;
- (b) paid any Liability other than current Liabilities in the Ordinary Course of Business;
- (c) sold, transferred or otherwise disposed of, or agreed to sell, transfer or otherwise dispose of any of the Equipment, or, other than in the Ordinary Course of Business, any other Purchased Assets, or canceled or otherwise terminated, or agreed to cancel or otherwise terminate, other than in the Ordinary Course of Business, any Permits;
- (d) except in the Ordinary Course of Business, entered into any agreement, contract, lease or license (or series of related agreements, contracts, leases and licenses) or made or permitted any material amendment to or termination, acceleration, modification or cancellation of any Contract or breached any provision of any Contract;
- (e) merged or consolidated with any other Person;
- (f) mortgaged, pledged or subjected to any Lien any of its assets or properties, other than Permitted Liens;
- (g) made any capital expenditure (or series of related capital expenditures) either (x) involving more than \$100,000 or (y) outside the Ordinary Course of Business;

- (h) made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans and acquisitions) either (x) involving \$100,000 or (y) outside the Ordinary Course of Business;
- (i) delayed or postponed the payment of accounts payable and other Liabilities outside the Ordinary Course of Business;
- (j) cancelled, compromised, waived or released any right or claim (or series of related rights and claims) either (x) involving more than \$100,000 or (y) outside the Ordinary Course of Business;
- (k) made any loan to, or entered into any other transaction with, any of the directors, officers and employees of such Asset Sale Company outside the Ordinary Course of Business;
- (l) entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract;
- (m) except in the Ordinary Course of Business adopted, amended, modified or terminated any bonus, profit-sharing, incentive, severance or other plan, contract or commitment for the benefit of any of the directors, officers and Employees of the Asset Sale Companies, or taken any such action with respect to any other Employee Benefit Plan;
- (n) made any other change in employment terms for any of the directors, officers and Employees of the Asset Sale Companies outside the Ordinary Course of Business;

- (o) suffered any damage, destruction or loss, whether or not covered by insurance, that has had or would reasonably be expected to have a Material Adverse Effect;
- (p) implemented or adopted any change in its accounting methods or principles or the application thereof; or
- (q) entered into any agreement, arrangement or understanding with respect to any of the foregoing.

3.5. Purchased Assets.

- (a) The Asset Sale Companies (i) own good and transferable title to all of the Purchased Assets free and clear of all Liens and restrictions on transfer, other than Permitted Liens or (ii) lease such Purchased Assets under a valid and enforceable lease (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights). No rights of the Asset Sale Companies under such leases have been assigned or otherwise transferred as security for any obligation of the Asset Sale Companies. The consummation of the transactions contemplated by this Agreement will not create or constitute, either with or without notice or the passage of time a default or event of default under any such lease or require the consent of any other party to such lease in order to avoid a default or event of default.
- (b) Except for the items set forth on Schedule 1.89(v), the Purchased Assets include all tangible and intangible assets owned by the Asset Sale Companies and used in the Business.

- (c) The Equipment that is currently in use has been maintained in accordance with normal industry practice and is suitable for the purposes for which the Asset Sale Companies are presently using such Equipment.
- (d) The value of the Parts, Fuel and Supplies Inventory as of the Closing Date shall be at least \$620,000.

3.6. Intellectual Property.

No third party has asserted any interest in the Intellectual Property, nor has any third party alleged that any Asset Sale Company has infringed on any Intellectual Property of any third party. To the Knowledge of PCC, none of the Asset Sale Companies interferes with, infringes upon, misappropriates, or otherwise comes into conflict with, any Intellectual Property rights of third parties as a result of the continued operation of the Business as presently conducted.

3.7. Permits and Environmental Compliance.

- (a) Each Asset Sale Company is in material compliance with all Environmental Laws related to the Purchased Assets. Neither PCC nor any Asset Sale Company (such Persons being hereafter referred to in this Section 3.7 as "Operators") has been notified by any Governmental Authority of any current, alleged or unresolved violation of any Environmental Laws applicable to Mining Activities, including any investigatory, remedial or corrective obligations, that would result in (i) closure, suspension or restriction of any mine or mining-related activity related to the Permits, (ii) revocation or suspension of any license or Permits, or (iii) exposure of Buyer to the imposition of any fines or other civil or criminal monetary penalty in excess of \$5,000. The Permits include all material permits, licenses, franchises and

other authorizations necessary to conduct the Mining Activities as currently conducted and the Asset Sale Companies are in material compliance with all such Permits. No such Permit is the subject of any proceeding by or in front of any Governmental Authority that might affect its validity and no such proceeding is pending or, to the Knowledge of PCC, threatened.

- (b) PCC has made available to Buyer true and complete copies of (i) the Permits, (ii) all of the mining permits and other permits held by each Operator pertaining to the Purchased Assets, together with a description of the permitted property or facility, the amount of the bond for each such Permit and the surety for each such bond or manner in which each such bond has otherwise been posted, (iii) all other licenses, franchises, certificates, concessions and other governmental approvals and authorizations held by each Operator pertaining to the Purchased Assets, as amended, supplemented and modified through the date hereof, and (iv) any and all pending applications for additional mining permits and other licenses and authorizations that have been submitted to any governmental agency by an Operator pertaining to the Purchased Assets or are in the process of development either in-house or through consultants.

- (c) Schedule 3.7 includes a true and complete list of all of the citations, notices of non-compliance and notices of violation received by each Operator with respect to the Purchased Assets from the Virginia Department of Mines, Minerals and Energy ("VDMME"), the Virginia Department of Environmental Quality ("VDEQ"), the federal Environmental Protection Agency ("EPA"), the federal Office of Surface Mining ("OSM"), the federal Mine Safety and Health Administration ("MSHA"), or any other Governmental Authority that remain outstanding. No Operator is subject to any cessation orders, cease and desist orders, closure orders or show cause orders issued by VDMME, VDEQ, EPA, OSM, MSHA, or any such other Governmental Authority with respect to the Purchased Assets.

- (d) With respect to the Purchased Assets, each Operator is in material compliance with all of the requirements of the Surface Mining Control and Reclamation Act of 1977 ("SMCRA"), the Federal Mine Safety and Health Act of 1977, as amended, all similar statutes of the Commonwealth of Virginia, and all rules and regulations promulgated under those Acts and statutes by OSM, MSHA, VDMME, VDEQ and any other Governmental Authority. With respect to the Purchased Assets, no Operator has been subjected to any bond forfeiture, permit suspension or revocation, or similar effort and proceedings instituted by OSM, VDMME or any other Governmental Authority.
- (e) To the Knowledge of PCC, after the Closing, Buyer will not be liable for any fines, penalties, fees, Taxes or other governmental charges assessed with respect to notices of violation, cessation orders, closure orders, show cause orders or other governmental enforcement actions issued prior to Closing with respect to the Purchased Assets. Neither this Agreement nor the consummation of the transactions that are the subject of this Agreement will result in any Buyer Liabilities for site investigation or cleanup, or notification to or consent of any Governmental Agency or third parties, pursuant to any of the so-called "transaction-triggered" or "responsible property transfer" Environmental Laws. The representation in the previous sentence does not relate to any matters for which Buyer has the responsibility, pursuant to this Agreement, to notify any Governmental Authority or to otherwise process with any Governmental Authority in connection with the transfer of any Permit.

- (f) No Asset Sale Company has, with respect to the Purchased Assets, either expressly or by operation of Law, assumed or undertaken any Liability, including without limitation, any Liability for corrective or remedial action, of any other Person relating to any Environmental Laws.
- (g) To the Knowledge of PCC, no conditions existing as of the Closing Date and relating to the Purchased Assets or the activities of the Asset Sale Companies or any of their respective predecessors or Affiliates will prevent or materially hinder Buyer's compliance with Environmental Laws, require Buyer to undertake any investigatory, remedial or corrective actions pursuant to Environmental Laws or impose upon Buyer any other Liabilities pursuant to Environmental Laws, including without limitation, any Environmental Laws relating to onsite or offsite releases or threatened releases of Hazardous Substances or imposing Liability for personal injury, property damage or natural resource damage.

3.8. Reclamation Bonds.

Schedule 3.8 contains a list of all bonds, including guaranties, indemnities, letters of credit and other forms of surety, posted by and/or for the benefit of the Asset Sale Companies to secure the performance of their respective reclamation or other Liabilities pursuant to, in connection with or as a condition of, the Permits (collectively, the "PCC Bonds"). The PCC Bonds are sufficient to permit the Asset Sale Companies and their Affiliates to conduct the Mining Activities in compliance with Laws and are in full force and effect.

3.9. Contracts.

- (a) PCC has made available to Buyer copies of all of the written Contracts, or a written summary setting forth the terms and conditions where no copies exist, including all amendments, modifications, waivers and elections applicable thereto.
- (b) As to the Asset Sale Companies party thereto: (i) the Contracts are valid and binding, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights), and are in full force and effect; (ii) the consummation of the transactions contemplated herein will not, with or without the giving of notice or the passage of time, or both, conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under the Contracts; (iii) no Asset Sale Company, nor to the Knowledge of PCC, any other party is in material breach or default, and no event has occurred that, with notice or lapse of time, would constitute a breach or default, or permit termination, modification or acceleration, under the Contracts; and (iv) no Asset Sale Company, nor to the Knowledge of PCC, any other party has repudiated any provision of the Contracts.
- (c) Schedule 3.9(c) sets forth the consents and approvals of third parties and Governmental Authorities required to be obtained as a result of the transactions contemplated by this Agreement.

3.10. Litigation; Claims.

- (a) Schedules 3.7 and 3.10 list all claims, legal actions, suits, litigation, arbitrations, disputes, investigations, proceedings by or before any Governmental Authority involving more than \$100,000 and all orders, decrees or judgments, now pending or in

effect, or, to the Knowledge of PCC, threatened or contemplated, against or affecting the Asset Sale Companies, the Purchased Assets, or the consummation of the transactions contemplated by this Agreement, except to the extent involving Taxes for Pre-Closing Periods.

- (b) There are no existing claims by or disputes involving more than \$100,000 with Persons owning or occupying lands or realty adjoining or near any of the Purchased Assets regarding Mining Activities by the Asset Sale Companies or regarding the location of boundary lines, encroachments, mineral rights, subsidence, water quantity or quality, blasting damage, transportation of coal or other materials, nuisances or any other similar matter.

3.11. Employee Benefits.

- (a) Schedule 3.11(a) contains a list of all "employee benefit plans" (as defined in Section 3(3) of ERISA) and all other employee benefit plans, programs or arrangements, including each severance pay, bonus, deferred compensation, incentive compensation, stock purchase, stock option or other equity-based compensation, death benefit, group insurance, hospitalization or other medical, dental, health, life (including all individual life insurance policies as to which any of the Asset Sale Companies is the owner, beneficiary or both), disability or other insurance, Code Section 125 "cafeteria" or "flexible" benefit plan, pension, savings, profit-sharing or retirement plan, program or arrangement: (i) under which Employees or former Employees are entitled to participate by reason of their employment with any of the Asset Sale Companies or their respective ERISA Affiliates, whether or not any of the foregoing is funded, whether insured or self-funded, and with respect to which any of the Asset Sale Companies are a party or a sponsor or a fiduciary thereof or by

which any of the Asset Sale Companies are bound; or (ii) with respect to which any of the Asset Sale Companies otherwise may have, as of the Closing Date, any direct or indirect Liability (the "Employee Benefit Plans"). Schedule 3.11(a) identifies: (i) each Employee Benefit Plan that is a "pension plan" (as defined in Section 3(2) of ERISA) (the "Pension Plans"), and denotes those Pension Plans intended to be qualified under Section 401(a) of the Code (the "Qualified Plans"); (ii) each Employee Benefit Plan that is a "multiemployer plan" (as defined in Section 3(37) or Section 4001(a)(3) of ERISA) (a "Multiemployer Plan"); and (iii) each Employee Benefit Plan that is a "welfare plan" (as defined in Section 3(1) of ERISA) (the "Welfare Plans").

- (b) Each Qualified Plan meets the requirements of a "qualified plan" under Code Section 401(a) and has received, pursuant to a request that accurately described such Qualified Plan, a favorable determination letter from the IRS to the effect that the form of such Qualified Plan satisfies the requirements of Section 401(a) of the Code and that its related trust is exempt from taxation under Section 501(a) of the Code. To the Knowledge of PCC, there are no facts or circumstances that would jeopardize or adversely affect in any material respect the qualification under Code Section 401(a) of any Qualified Plan.
- (c) As of the Closing Date, full payment to each Employee Benefit Plan of all contributions (including all employer contributions and employee salary reduction contributions) that are required to be made by the Asset Sale Companies under the terms thereof and under ERISA or the Code in respect of the current and prior plan years, if any, have been made for all Employee Benefit Plans (except for The Savings and Investment Plan of The Pittston

Company and Its Subsidiaries, which payment shall be made as soon as possible after the Closing Date). All contributions that are required to be made by the Asset Sale Companies for any period ending on or before the Closing Date that are not yet due have been paid to each such Employee Benefit Plan or accrued in accordance with the past custom and practice of the Asset Sale Companies. All premiums that are due on or before the Closing Date have been paid with respect to each such Welfare Plan. As of the latest actuarial determination, no "accumulated funding deficiency" (as defined in Section 302 of ERISA or Section 412 of the Code), whether or not waived, exists with respect to any Pension Plan. The present value of all accumulated benefit obligations under each Qualified Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standard No. 87) did not as of the last annual valuation date applicable thereto exceed the fair market value of the assets of such Qualified Plan. No "reportable event" within the meaning of Section 4043 of ERISA has occurred in connection with any of the Pension Plans.

(d) Employee Benefit Plan Compliance.

- (i) Each Employee Benefit Plan (other than the Multiemployer Plans) has been administered substantially in accordance with its terms;
- (ii) each Employee Benefit Plan (other than the Multiemployer Plans) and each related trust, insurance contract or fund complies in form and in operation and has been administered substantially in accordance with any applicable provisions of ERISA, the Code and all other Laws, all reports, returns and other documentation (including Form 5500 Annual Reports and PBGC-1s) that are required to have been filed with the IRS, the United States Department of Labor, the PBGC or any

other Governmental Authority have been filed on a timely basis in each instance in which the failure to file such reports, returns and other documents would result in any material Liability to PCC or the Asset Sale Companies;

(iii) other than routine claims for benefits, no Liens, lawsuits or complaints to or by any Person or Governmental Authority have been filed or, to the Knowledge of PCC, are contemplated or threatened, with respect to any Employee Benefit Plan (other than the Multiemployer Plans) except for those that would not reasonably be expected to result in any material Liability to PCC or the Asset Sale Companies.

- (e) Neither PCC nor any of the Asset Sale Companies has received a written notice of, or incurred, any withdrawal liability with respect to a Multiemployer Plan.
- (f) The consummation of the transactions contemplated by this Agreement will not (i) entitle any Person to severance pay for which Buyer will be liable after the Closing; (ii) accelerate the time of payment or vesting of, increase the amount of, or satisfy a condition to the compensation due to any Person under any Employee Benefit Plan for which Buyer will be liable after the Closing; or (iii) result in the payment of an amount that could, individually or in combination with any other such payment, constitute an "excess parachute payment" under Code Section 280G(b)(1).
- (g) No "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) has occurred with respect to any Employee Benefit Plan subject to ERISA, other than such a transaction subject to an administrative or statutory exemption, with respect to which a Tax, penalty or other amount may reasonably be expected to be imposed on any of the Asset Sale Companies or their respective ERISA Affiliates.

- (h) Neither the PCC Parent, PCC, the Asset Sale Companies nor any of their respective ERISA Affiliates, nor any organization with respect to which any such entity is a successor or parent corporation, within the meaning of Section 4069(b) of ERISA, has engaged in any transaction described in Sections 4069 or 4212(c) of ERISA.
- (i) Each Pension Plan that is not qualified under Code Section 401(a) or 403(a) is exempt from Parts 2, 3 and 4 of Title I of ERISA as an unfunded plan that is maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, pursuant to ERISA Sections 201(2), 301(a)(3) and 401(a)(1).
- (j) No assets of any of the Asset Sale Companies are allocated to or held in a "rabbi trust" or similar funding vehicle.
- (k) Neither the PCC Parent, PCC, the Asset Sale Companies nor any of their respective ERISA Affiliates has received any notification that any Multiemployer Plan is in reorganization (within the meaning of Section 4121 of ERISA), is insolvent (within the meaning of Section 4245 of ERISA) or has been terminated (within the meaning of Title IV of ERISA), and to the knowledge of PCC, no Multiemployer Plan is reasonably expected to be in reorganization, insolvent or terminated.
- (l) No Welfare Plan is a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA.

3.12. Employment Matters.

None of the Asset Sale Companies is a party to, bound by, or negotiating with respect to any agreement with any labor union, association or other employee group, nor is any unit of Employees of the Asset Sale Companies represented by any labor union or similar association. No labor union or employee organization has been certified or recognized as the collective bargaining representative of any Employees of the Asset Sale Companies. To the Knowledge of PCC, there are no active union organizational campaigns or representation proceedings underway or threatened with respect to any Employees of the Asset Sale Companies, nor are there any existing or threatened labor strikes, work stoppages, slowdowns, grievances, unfair labor practice charges, discrimination charges or labor arbitration proceedings affecting Mining Activities at or deliveries to any mine or other facility of any of the Asset Sale Companies. Each of the Asset Sale Companies has been and is in compliance with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance would not reasonably be expected to impose any material Liability on the Asset Sale Companies.

3.13. No Broker.

None of the Asset Sale Companies, PCC or the PCC Parent has had any dealings, negotiations or communications with or retained any broker or other intermediary in connection with the transactions contemplated by this Agreement and none of the foregoing is committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby, other than Rothschild Inc., who shall be compensated solely by PCC or an Affiliate of PCC.

3.14. Health and Safety Requirements.

As it relates to the Purchased Assets, each of the Asset Sale Companies has complied with all applicable Health and Safety Requirements and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice is currently outstanding against any of them alleging any failure to so comply, except for those that would not reasonably be expected to have a Material Adverse Effect.

3.15. Restrictions on Business Activities.

Except for this Agreement, there is no agreement, judgment, injunction, order or decree binding upon PCC or any of the Asset Sale Companies that has or would reasonably be expected to have the effect of prohibiting the conduct of the Business.

3.16. Powers of Attorney.

There are no outstanding powers of attorney executed on behalf of any of the Asset Sale Companies affecting the Purchased Assets.

3.17. Transactions With Affiliates.

The Contracts do not include any Liability between any Asset Sale Company and any Affiliate of such Asset Sale Company. At the Closing, the Purchased Assets will not include any receivable or other Liability from an Affiliate of any Asset Sale Company.

3.18. Absence of Certain Payments.

During the five (5) year period prior to the date of this Agreement, to the Knowledge of PCC, none of the Asset Sale Companies have (nor has any director, officer, agent, or employee of any Asset Sale Company nor any other person, acting on behalf of any Asset Sale Company) directly or indirectly: used any of such company's funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; made any unlawful payment to

foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from such company's funds; violated any provision of the Foreign Corrupt Practices Act of 1977 applicable to such company; established or maintained any unlawful or unrecorded fund of such company's monies or other assets; made any false or fictitious entry on the books or records of such company; or made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment, to any person or entity, private or public, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions for such company, or to pay for favorable treatment for business secured or for special concessions already obtained for such company.

3.19. Disclosure.

The representations and warranties contained in this Article III do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article III not misleading.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to PCC that:

4.1. Organization.

Buyer is a duly formed limited liability company, validly existing and in good standing under the Laws of the State of Delaware.

4.2. Execution, Delivery and Performance.

The execution, delivery and performance of this Agreement and each other agreement or instrument executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both, (i) conflict with, or result in a violation or breach of, or a default, right to

accelerate or loss of rights under, or result in the creation of any Lien, under or pursuant to, any provision of Buyer's organizational documents or of any franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding, any Law, or any finding, order, judgment, writ, injunction or decree to which Buyer is a party or by which Buyer or its respective assets may be bound or affected; or (ii) require the approval, consent or authorization of, or prior notice to, filing with or registration with, any Governmental Authority, or any other Person or entity; provided that this Section 4.2 shall not apply to any requirement of Buyer to obtain any consent of the applicable Governmental Authority to transfer or modify the Permits.

4.3. Authorization.

Buyer has full power and authority to enter into and deliver this Agreement, and each other agreement or instrument (to which it is a party) executed in connection herewith or delivered pursuant hereto and to perform its obligations hereunder and thereunder. Buyer's execution, delivery and performance of this Agreement and all other agreements and instruments executed in connection herewith or delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite action. This Agreement and all other agreements or instruments executed by Buyer in connection herewith or delivered by Buyer pursuant hereto have been duly executed and delivered by Buyer and this Agreement and all other agreements and instruments executed by Buyer in connection herewith or delivered by Buyer pursuant hereto constitute Buyer's legal, valid and binding obligation, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

4.4. No Broker.

Buyer has had no dealings, negotiations or communications with any broker or other intermediary in connection with the transactions contemplated by this Agreement nor is it committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby.

4.5. Reclamation and Environmental Compliance.

Buyer and all operators it owns or controls are in compliance with all Environmental Laws and Reclamation Laws in all material respects, and are not "permit blocked" under the Applicant Violator System administered by the Department of the Interior.

4.6. Financing.

Buyer will have available to it, at the Closing, financial resources sufficient to consummate the transactions contemplated by this Agreement.

4.7. Disclosure.

The representations and warranties contained in this Article IV do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article IV not misleading.

ARTICLE V CERTAIN COVENANTS

5.1. Operation in Ordinary Course.

Except as provided in this Agreement, between the date of this Agreement and the Closing, PCC shall cause each of the Asset Sale Companies, in relation to the Purchased Assets, to: (i) carry on its business in the Ordinary Course of Business; (ii) use commercially reasonable efforts to preserve intact its current business organization, Mining Activities and properties until the Closing Date, and maintain the relations and good will with its suppliers,

customers, landlords, creditors, agents, and others having business relationships with such Asset Sale Company; (iii) not enter into any contract or other obligation binding upon such Asset Sale Company involving its Employees, any union, or an expenditure, purchase, sale, cost or commitment (unless such contract is cancelable in thirty or fewer days, involves less than \$100,000, or is for consumable purchases) without the prior written consent of Buyer; and (iv) report regularly to Buyer concerning the status of the business, Mining Activities and finances of such Asset Sale Company.

5.2. Compliance with Law.

Between the date of this Agreement and the Closing, each of the Asset Sale Companies shall comply in all material respects with all Laws and with all orders of any Governmental Authority.

5.3. Cooperation.

Subject to the terms and conditions herein provided, each of PCC and Buyer agrees to use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper and advisable under Law, to consummate and make effective the transactions contemplated by this Agreement. In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, PCC and Buyer will, and PCC will cause the Asset Sale Companies to, execute any additional instruments reasonably necessary to consummate the transactions contemplated hereby. Prior to and following the Closing Date, PCC shall make available to Buyer, at reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, all documents, maps and other information necessary to transfer all Permits to Buyer in accordance with Law.

5.4. Notices and Consents.

PCC and Buyer each will use their commercially reasonable efforts to obtain consents of all Governmental Authorities and other third parties necessary to the consummation of the transactions contemplated by this Agreement. PCC shall have responsibility for providing any notices to third parties that may be required by the transactions contemplated by this Agreement and for obtaining, or causing to be obtained, at its sole cost and expense, the consents listed on Schedule 5.4(a) and Buyer shall have responsibility for obtaining, at its sole cost and expense, all consents listed on Schedule 5.4(b), which Schedule shall include all Equipment leases, and all consents necessary to transfer the Permits, with the other party in each case using its commercially reasonable efforts to assist the responsible party in obtaining such consents or Permits.

5.5. Publicity.

All general notices, releases, statements and communications to any Employees, suppliers, distributors and customers of the Asset Sale Companies, to the general public and to the press relating to the transactions contemplated by this Agreement shall be made only at such times and in such manner as may be mutually agreed upon by PCC and Buyer; provided, however, that either party hereto (or, in the case of PCC, the PCC Parent) shall be entitled to make a public announcement of the foregoing if: (a) in the opinion of its legal counsel, such announcement is required to comply with Law or any listing agreement with any national securities exchange or inter-dealer quotation system; and (b) such disclosing party gives a reasonable period of notice and opportunity to comment to the other party hereto of its intention to make such public announcement; provided, that, failure to comment within 24 hours of receipt of such notice shall be deemed a waiver of the opportunity to comment;

and provided, further, that nothing in this Section 5.5 shall operate to prohibit any Asset Sale Company or Buyer from communicating, after the Closing Date, with their respective suppliers, distributors, customers and Governmental Authorities the fact that the transaction has occurred or to employees regarding their employment or the terms and conditions thereof, the operation of the Purchased Assets or matters necessarily related thereto.

5.6. Permits; Replacement Bonds; Insurance and Guarantees; Other Filings.

- (a) At or prior to the Closing Date, Buyer shall: (i) secure, in accordance with Law, irrevocable commitments to issue replacement bonds and replacement sureties and guarantees or other financial security, if applicable, for all Permits sufficient to cause the applicable Governmental Authority to transfer the Permits to Buyer in accordance with Law; and (ii) deliver copies of such documents to PCC.
- (b) At or prior to the Closing Date, Buyer shall deliver copies to PCC of all filings, each in a form that satisfies all requirements of the applicable Governmental Authority and that are necessary to cause the applicable Governmental Authority to transfer the Permits to Buyer in accordance with Law.
- (c) Promptly following the Closing Date through the application of best efforts, Buyer shall make all filings with the appropriate Governmental Authorities and shall, upon submitting such applications to transfer such Permits, post replacement bonds necessary under Laws to transfer the Permits to Buyer in accordance with Law.
- (d) Following the Closing Date, PCC will cause each of the Permits that is in its name or in the name of an Asset Sale Company to be retained in its name or in the name of such Asset Sale Company, as appropriate, until the applicable Governmental Authority transfers the Permits to Buyer. Buyer may rely on any related bonds held or guaranteed by PCC or an Affiliate of PCC; provided

that Buyer reimburses PCC for bond premiums, security, Office of Surface Mining fees, amounts required to be paid to correct (and to pay fines or assessments with respect to) any violation occurring after the Closing Date and any direct out-of-pocket costs incurred by PCC or its Affiliates in connection with the maintenance of such Permits or the related bonds following the Closing Date. Buyer agrees to use the same efforts to accomplish the transfer of the Permits as soon as possible after the Closing that it would use to obtain its own permits to commence immediate mining operations at any site.

- (e) To the extent allowed by and in accordance with applicable Law, PCC shall cause each of the Asset Sale Companies to grant Buyer the right to conduct Mining Activities on the properties included in the Purchased Assets under each of the Permits; provided that if the appropriate Governmental Authority has not transferred any Permit by the first anniversary of the Closing Date, Buyer will deposit in escrow cash or a letter of credit from a bank reasonably acceptable to PCC in an amount equal to the face amount of any related outstanding surety bonds until such Permit has been transferred.
- (f) If PCC or one of the Asset Sale Companies receives a notice of violation under any of the Permits following the Closing Date but before the transfer of the Permit, PCC will give Buyer prompt notice thereof. If PCC reasonably determines that Buyer will not cause such violation to be cured in a timely fashion, PCC shall have the right to cure, or cause to be cured, such violation itself and be reimbursed by Buyer for curing such violation.
- (g) At or prior to the Closing Date, Buyer shall have: (i) for purposes other than the Permits, secured replacement bonds, replacement sureties, guarantees or other financial security, if

applicable, sufficient to allow PCC and the Persons who will be its Affiliates after the Closing Date to be relieved or released as of the Closing Date from all financial commitments, guarantees, collateral agreements or similar undertakings listed on Schedule 5.6; (ii) obtained property and liability insurance customary for a company that is engaged in the Business or a business similar to the Business to insure the Purchased Assets; and (iii) delivered copies of such documents to PCC.

- (h) On or prior to the Closing, Buyer shall deliver to PCC: (i) a Certificate of Good Standing for self-insured status or evidence of insurance coverage with respect to Buyer's Liabilities for workers' compensation and federal black lung benefits that arise out of employment by Buyer or any of its Affiliates of Employees on and after the Closing Date, to the extent and in the amounts provided in applicable Laws; and (ii) certification from the Department of Labor of approval of self-insured status in the event Buyer is to be self-insured for federal black lung claim liability.

5.7. Exclusivity.

PCC will not (nor will it cause or permit any of the Asset Sale Companies to) (i) solicit, initiate or encourage the submission of any proposal or offer from any Person relating directly or indirectly to the acquisition of the Purchased Assets, or any portion thereof, or (ii) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any Person to do or seek any of the foregoing. PCC will notify Buyer immediately if any Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing.

5.8. Access.

At or prior to the Closing Date, PCC will permit (and will cause each of the Asset Sale Companies to permit) representatives of Buyer to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, to all premises, properties, personnel, books, records (including Tax records), contracts and documents of or pertaining to each of the Asset Sale Companies as related to the Purchased Assets. Copies of and access to accounting records, ledgers and other pertinent documents or work papers related to the Purchased Assets will be made available to Buyer at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, upon request.

5.9. Notice of Developments.

Each party will give prompt written notice to the other party of any material adverse development causing a breach of any of its own representations and warranties in Article III and Article IV above. No disclosure by any party pursuant to this Section 5.9, however, shall be deemed to amend or supplement the Schedules to such representations and warranties or to prevent or cure any misrepresentation, breach of warranty or breach of covenant.

5.10. Financial Statement Cooperation and Audits.

- (a) PCC and Buyer shall engage KPMG LLP pursuant to the Engagement Letter to audit the combined balance sheets, statements of income, cash flow and stockholders' equity (the "Fiscal Year Financial Statements") as of and for the fiscal years ended December 31, 2000 and 2001 for the Asset Sale Companies and certain of their Affiliates who conduct the coal mining and sale and export terminal and equipment rebuilding, repairing or

servicing business of PCC in Virginia, except as listed on Schedule 5.10(a) (the "Virginia Entities"), including notes and disclosures required by GAAP. The parties shall cause KPMG LLP to deliver a draft of the Fiscal Year Financial Statements to both parties for review. Each of the parties shall have ten (10) business days to review such draft Fiscal Year Financial Statements and provide any comments to KPMG LLP. Notwithstanding any provisions of this Agreement to the contrary and unless agreed to by both parties, the Closing Date shall be no earlier than forty-five (45) days from the date on which the final Fiscal Year Financial Statements shall be delivered by KPMG LLP to both parties.

- (b) PCC agrees that the Fiscal Year Financial Statements (including the notes thereto) will (i) use accounting policies that are consistent with PCC Parent's audited financial statements, (ii) be prepared in conformity with GAAP, applied on a consistent basis throughout the periods covered thereby and (iii) present fairly the financial position, condition and results of operations of the Virginia Entities as of such dates.
- (c) At any time between the date of this Agreement and the Closing Date, Buyer shall have the right, in its reasonable discretion and upon reasonable advance notice to PCC, to require PCC to provide Buyer with unaudited internally prepared balance sheets, statements of income and cash flow for the Virginia Entities individually or on a combined basis as Buyer may request as of a more recent month end than December 31, 2001, which will be prepared in a manner that is consistent with past practices and with the books and records of the Virginia Entities.
- (d) After the Closing Date, PCC will furnish, or cause to be furnished to Affiliates of Buyer, its accountants and auditors, upon request of Buyer and as promptly as practicable, such

information and assistance as is reasonably necessary for Affiliates of Buyer to cause to be prepared audited combined balance sheets, statements of income, cash flow and stockholders equity for the Virginia Entities as of the Closing Date and for the period beginning on January 1, 2002 and ended on the Closing Date (the "Audited Closing Date Financial Statements") that are consistent with the significant accounting policies disclosed in the footnotes to the Fiscal Year Financial Statements (except as such consistency may be affected by accounting principles that have an effective date subsequent to the date of the Fiscal Year Financial Statements), in conformity with GAAP and with Regulations S-K and S-X promulgated by the SEC and applied on a consistent basis throughout the period covered thereby.

- (e) With respect to any registration statement or other filings with the SEC that Buyer shall determine to make in the future, PCC shall use commercially reasonable best efforts to timely furnish, or cause to be timely furnished to Affiliates of Buyer, its accountants and auditors, upon request of Buyer, the following: (i) consents of PCC's independent public accountants with respect to the audited Fiscal Year Financial Statements as required by SEC Regulation S-X, (ii) such information, assistance and cooperation (including information, assistance and cooperation from PCC's independent auditors) as is reasonably necessary for Buyer and Affiliates of Buyer to: (a) address and resolve any SEC comments related to the Fiscal Year Financial Statements or the Audited Closing Date Financial Statements (including any required modification of such financial statements or footnotes thereto) and (b) prepare any MD&A Disclosure required in connection with a filing with the SEC and address and resolve any SEC comments related to such MD&A Disclosure (including any required modification to such MD&A Disclosure), (iii) such information,

assistance and cooperation reasonably necessary for Buyer to prepare any unaudited pro forma balance sheets or income statements required to be included in any such registration statement or other SEC filing and (iv) such information, assistance and cooperation reasonably necessary for Buyer to accumulate five years of historical unaudited financial information of the Virginia Entities for inclusion in any such registration statement or other filing with the SEC.

- (f) PCC and its Affiliates shall reasonably cooperate with Buyer, its accountants and auditors in the conduct of the actions described in the preceding sentence and shall allow Buyer, its accountants and auditors to have access at all reasonable times and upon reasonable advance notice, and in a manner so as not to interfere with the normal business operations of PCC, to all premises, properties, books, records, contracts, and documents of or pertaining to Buyer's audit of the Audited Closing Date Financial Statements. In addition, PCC will provide access to PCC's and its Affiliates' employees, including, without limitation, making employees available to provide additional information and explanation of any materials reviewed by Buyer, its accountants and auditors; provided, however, Buyer's use of such employees shall not unreasonably interfere with such employee's duties to his or her employer.

5.11. Coal Inventory.

PCC shall use its commercially reasonable efforts to have 110,000 tons of Coal Inventory as of the Closing Date.

5.12. Further Assurances.

The parties shall cooperate in a commercially reasonable manner with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this

Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated.

ARTICLE VI
CONDITIONS PRECEDENT TO CLOSING

6.1. Conditions Precedent to Each Party's Obligations.

The respective obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

- (a) no action, suit, proceeding, order, decree or injunction shall have been commenced, threatened or entered by or before any Governmental Authority that remains in force and that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business on or after the Closing Date;
- (b) PCC Parent, PCC, Buyer and Buyer's Ultimate Parent shall have executed and delivered to each other party thereto the Administrative Services Agreement, the Cooperation Agreement, the Indemnification and Guaranty Agreement, and Paramount Service Agreement and any other documentation required in all transactions contemplated or covered by all such agreements, all in form and substance as set forth in Exhibits A, E, H and F attached hereto and the same shall be in full force and effect;

- (c) all other transactions pursuant to which Buyer or any of its Affiliates acquire assets related to the Business shall have been consummated prior to or simultaneously with the transactions contemplated by this Agreement;
- (d) PCC and Buyer shall have executed and delivered to each other all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement, including the documents provided in Section 5.6 hereof; and
- (e) PCC shall have obtained, or caused to have been obtained, the consents listed in Schedule 6.1(e)(i) and PCC shall have provided such payments as may be reasonably required to obtain all such consents. Buyer shall have obtained, or caused to have been obtained, the consents listed in Schedule 6.1(e)(ii) and Buyer shall have provided such payments, guarantees and/or assurances as may be reasonably required to obtain all such consents.

6.2. Conditions Precedent to Obligations of Buyer.

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

- (a) all of the representations and warranties of PCC set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality (whether by reference to "Material Adverse Effect" or otherwise), shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or

warranties to be true and correct does not have a Material Adverse Effect; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and Buyer shall have received the PCC Closing Certificate required by Section 6.2(g) below dated as of the Closing Date executed by PCC to such effect;

- (b) all of the covenants and obligations that PCC is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;
- (c) all proceedings and actions, corporate or other, to be taken by PCC or the Asset Sale Companies in connection with the transactions contemplated by this Agreement and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to Buyer and Buyer's counsel;
- (d) PCC shall have, and shall have caused the Asset Sale Companies to have, executed and delivered the Bills of Sale, the Assignment and Assumption Agreements and such other documents as may be necessary to convey to Buyer the Purchased Assets;
- (e) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;

- (f) Buyer shall have received an opinion of counsel to PCC addressed to Buyer substantially in the form of Exhibit J;
- (g) Buyer shall have received an executed copy of the PCC Closing Certificate; and
- (h) KPMG LLP shall have issued an unqualified audit opinion with respect to the Fiscal Year Financial Statements pursuant to the Engagement Letter.

6.3. Conditions Precedent to Obligations of PCC.

The obligation of PCC to consummate and cause the consummation of the transactions contemplated by this Agreement is subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

- (a) all of the representations and warranties of Buyer set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality, shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be true and correct does not have a material adverse effect on Buyer's ability to consummate the transactions contemplated by this Agreement or fulfill its post-Closing obligations hereunder; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and PCC shall have received Buyer's Closing Certificate required by Section 6.3(j) below dated as of the Closing Date executed by Buyer to such effect;

- (b) all of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;
- (c) all proceedings and actions, corporate or other, to be taken by Buyer in connection with the transactions contemplated by this Agreement, and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to PCC and its counsel;
- (d) PCC shall have received, on behalf of the Asset Sale Companies, the Purchase Price by wire transfer of cash or other immediately available funds and the execution and delivery by Buyer of the Promissory Note;
- (e) Buyer shall have executed and delivered the Security Agreement;
- (f) Buyer shall have executed and delivered the Assignment and Assumption Agreements and such other documents as may be necessary for Buyer to assume all of the Assumed Liabilities;
- (g) Buyer shall have delivered to PCC satisfactory evidence of compliance with Sections 5.6(a), 5.6(g) and 5.6(h);
- (h) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;

- (i) PCC shall have received an opinion of counsel to Buyer addressed to PCC substantially in the form of Exhibit K; and
- (j) PCC shall have received an executed copy of Buyer's Closing Certificate.

ARTICLE VII
CERTAIN TAX MATTERS

7.1. Property Taxes.

Property Taxes of the Asset Sale Companies with respect to the Purchased Assets (including, without limitation, property Taxes payable as a tenant or lessee under any lease) will be pro-rated as of the Closing Date and, notwithstanding any other provision of this Agreement, the economic burden of any such property Tax will be borne by (i) the Asset Sale Companies for all Pre-Closing Periods and the portion of any Straddle Period through the Closing Date and (ii) by Buyer for all Post-Closing Periods and the portion of any Straddle Period after the Closing Date. Accordingly, notwithstanding any other provision of this Agreement, (i) if any Asset Sale Company pays such a property Tax with respect to a Post-Closing Period or the portion of Straddle Period after the Closing Date, Buyer will reimburse PCC on behalf of such Asset Sale Company within 15 days after receiving from PCC written demand for the amount of such property Tax, and (ii) if Buyer pays such a property Tax with respect to a Pre-Closing Period or the portion of a Straddle Period through the Closing Date, PCC on behalf of the Asset Sale Companies will reimburse Buyer within 15 days after receiving from Buyer written demand for the amount of such property Tax. For purposes of pro-rating property Taxes, the amount of any property Tax attributable to the portion of a Straddle Period through the Closing Date shall be deemed to be the amount of such property Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the Straddle Period through the Closing Date and the denominator of which is the number of days in the entire Straddle Period. In determining the Straddle Period

for property Taxes, the Tax period as reflected on the statement of Taxes due, property Tax bill, property "tax ticket," or any other request for payment from a Governmental Authority will determine the taxable period (e.g., a Virginia property Tax bill that indicates the tax year as 2002 is for a Tax for the taxable period January 1, 2002 through December 31, 2002).

7.2. Sales and Use Taxes.

Buyer and PCC or the Asset Sale Companies hereby intend that the transaction be an occasional sale within the meaning of Virginia Code Section 58.1-602 and regulations thereunder, and therefore exempt from Virginia sales and use Tax pursuant to Virginia Code Section 58.1-609. PCC will be responsible for sales and use Taxes payable as a result of the failure of this transaction to qualify as an occasional sale or as an exempt transaction under any other Virginia law; provided, however, that any use Tax payable as a result of this transaction that would be payable regardless of whether the transaction qualifies as an occasional sale or not shall be paid by Buyer.

7.3. Transfer Taxes.

All transfer, recording and similar Taxes arising in connection with the transactions contemplated hereunder shall be borne equally by PCC and Buyer. PCC and Buyer shall (and they shall cause their respective Affiliates to) cooperate to comply with all Tax Return requirements for such Taxes and provide such documentation and take such other actions as may be necessary to minimize the amount of any such Taxes.

7.4. Access for Tax Returns.

Following the Closing Date, Buyer shall, at reasonable times, and in a manner so as not to interfere with normal business operations, allow PCC (and if requested by PCC, representatives of federal, state or local agencies) access to the Purchased Assets for purposes of reviewing information pertinent to any Tax Return filed by PCC Parent or any of its Affiliates, including the Asset Sale Companies.

ARTICLE VIII
COVENANTS REGARDING EMPLOYEES

8.1. Employees.

- (a) Subject to the requirements of applicable Laws, but no later than immediately prior to the Closing, PCC will cause those Asset Sale Companies set forth on Schedule 8.1 to terminate the employment of their Employees with respect to the Purchased Assets.
- (b) From time to time after the Closing Date, PCC and Buyer may require information with respect to current or former Employees. Without intending to limit the obligations of the parties in the exchange of information with respect to any other matter or in accordance with the Cooperation Agreement, PCC and Buyer agree to furnish such information to the other, if available, promptly after receipt of a written request therefor.

ARTICLE IX
TERMINATION

9.1. Termination.

This Agreement may be terminated prior to the Closing Date only as follows:

- (a) by mutual written consent of PCC and Buyer;
- (b) by either PCC or Buyer, if the Closing Date shall not have occurred prior to the close of business on December 31, 2002 or such later date as the parties may agree in writing (provided, that the right to terminate this Agreement under this Section 9.1(b) shall not be

available to any party whose failure to fulfill any obligation under this Agreement has been the cause, in whole or in part, of, or has resulted in, the failure of the conditions in Article VI to be satisfied and the Closing Date to occur on or before such date);

- (c) by PCC or Buyer if an action, suit, or proceeding, shall have been commenced or threatened by or before any Governmental Authority, or any order, decree or injunction shall have been entered therein, that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business;
- (d) by Buyer if (i) the representations of PCC contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure; or (ii) PCC has failed to comply materially with its respective obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure; or
- (e) by PCC if (i) the representations of Buyer contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from PCC to Buyer of such failure; or (ii) Buyer has failed to comply materially with its

obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from the PCC to Buyer of such failure.

9.2. Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1 hereof, all further obligations of the parties under or pursuant to this Agreement shall terminate without further Liability of either party to the other except: (a) as set forth in Section 10.4; and (b) for breaches of representations, warranties, or covenants or for fraud. PCC and Buyer hereby agree that the provisions of this Section 9.2 and of Section 10.4 shall survive any termination of this Agreement pursuant to the provisions of this Article IX.

ARTICLE X
MISCELLANEOUS

10.1. Entire Agreement.

This Agreement, the documents referred to herein and to be delivered pursuant hereto and any other agreement entered into contemporaneously with this Agreement among PCC, PCC Parent, Buyer and Buyer's Ultimate Parent or the Affiliates of any of them constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein or therein.

10.2. Amendment.

This Agreement may be amended by an instrument in writing and signed on behalf of all of the parties hereto at any time.

10.3. Extension; Waiver.

At any time prior to the Closing Date, the parties may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document, certificate or writing delivered pursuant hereto or (iii) waive compliance with any of the agreements or conditions contained herein, other than the conditions contained in Section 6.1(a) hereof as it relates to the entry of an order in any proceeding by or before a Governmental Authority. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in an instrument in writing and signed on behalf of such party.

10.4. Expenses.

Whether or not the transactions contemplated by this Agreement are consummated, each of the parties hereto shall pay the fees and expenses of their respective counsel, investment bankers, financial advisors, accountants and other experts and the other expenses incident to the negotiation and preparation of this Agreement and consummation of the transactions contemplated hereby; provided that Buyer and PCC shall each pay 50% of the cost of auditing the Fiscal Year Financial Statements and the Audited Closing Date Financial Statements and provided further that Buyer shall reimburse PCC or its Affiliates for all out-of-pocket expenses incurred by PCC or its Affiliates in complying with their respective obligations under Sections 5.10(e) and 5.10(f) hereof.

10.5. Bulk Sales Waiver.

Buyer hereby waives compliance with all applicable bulk sales Laws.

With a copy to: Pittston Coal Company
c/o The Pittston Company
1801 Bayberry Court
P.O. Box 18100
Richmond, Virginia 23226-8100
Attention: General Counsel

And a copy to: Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

If to Buyer: Paramont Coal Company Virginia, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

With a copy to: First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

10.9. Counterparts; Headings.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. The Table of Contents and Article and Section headings in this Agreement are inserted for convenience of reference only and shall not constitute a part hereof.

10.10. Interpretation; Construction.

- (a) Unless the context requires otherwise, all words used in this Agreement in the singular number shall extend to and include the plural, all words in the plural number shall extend to and include the singular and all words in any gender shall extend to and include all genders.
- (b) This Agreement has been fully negotiated by the parties hereto and shall not be construed by any Governmental Authority against either party as the drafting party.

10.11. Severability.

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

10.12. No Reliance.

No third party is entitled to rely on any of the representations, warranties and agreements contained in this Agreement and PCC and Buyer assume no Liability to any third party because of any reliance on the representations, warranties and agreements of PCC and Buyer contained in this Agreement, other than Section 5.5 and Article VIII hereof, which are intended to be for the benefit of the Persons expressly covered thereby and may be enforced by such Persons.

10.13. Retention of and Access to Records.

After the Closing Date, Buyer shall retain for a period consistent with Buyer's record retention policies and practices those books and records relating to the Asset Sale Companies delivered to Buyer. Buyer also shall provide to PCC and its Affiliates reasonable access thereto, during normal business hours and

on at least three days' prior written notice, to enable them to prepare financial statements or Tax Returns or deal with Tax audits or litigation. Buyer shall deliver to PCC at least thirty days written notice prior to the destruction or other disposal of any such books and records. PCC and its Affiliates may elect to take delivery of any such books and records that Buyer intends to destroy or otherwise dispose of and to copy any such books and records that Buyer intends to keep, all at their own expense.

10.14. Arbitration.

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute"), excluding any dispute or disagreement among the parties concerning the determination of the Coal Inventory, which shall be resolved pursuant to Section 2.12 and the allocation of Purchase Price and Assumed Liabilities, which shall be resolved pursuant to Section 2.13, shall be decided by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to select an arbitrator within fourteen calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Section 10.14 shall be the exclusive means to resolve all Disputes.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown

Title: Vice President - Development and Technical
Resources

PARAMONT COAL COMPANY VIRGINIA, LLC

By: /s/ Eddie Bateman

Name: Eddie Bateman

Title: Vice President

SCHEDULE 1.4

ASSET SALE COMPANIES

Paramont Coal Corporation, a Delaware corporation

Motivation Coal Company, a Virginia corporation

Pittston Coal Management Company, a Virginia corporation

PITTSTON COAL COMPANY
 448 N. E. Main Street
 Lebanon, Virginia 24266

December 13, 2002

Paramont Coal Company Virginia, LLC
 c/o Alpha Natural Resources, LLC
 406 West Main Street
 Abingdon, Virginia 24212

Ladies and Gentlemen:

Reference is made to the Asset Purchase Agreement (the "Agreement"), dated as of October 29, 2002, as amended to but not including the date hereof, by and between Pittston Coal Company ("PCC") and Paramont Coal Company Virginia, LLC ("Buyer"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Agreement.

PCC and Buyer desire to amend certain provisions of the Agreement and, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Section 1.82 of the Agreement is deleted in its entirety and replaced with the following:

"1.82 Purchase Price.

"Purchase Price" shall mean the cash amount of \$12,296,687 (which amount shall include \$620,000 for the Parts, Fuel and Supplies Inventory, \$1,640,000 for the Coal Inventory, \$55,000 for one continuous miner, \$250,000 for one helicopter and \$1,483,206 for the VC 5 Estimate), plus the Promissory Note, subject to the adjustment provided for in Section 2.2(b).

2. A new Section 1.107 of the Agreement is inserted into the Agreement as follows:

"1.107 Subleases.

"Subleases" shall have the meaning set forth in Section 2.13(a) hereof."

3. Notwithstanding anything in the Agreement to the contrary, each of PCC and Buyer agree that for purposes of Sections 2.1 and 2.3 of the Agreement only, none of the Equipment listed on Schedule 1.37(b) attached to the Agreement shall constitute Purchased Assets.
4. Notwithstanding anything in the Agreement to the contrary, each of PCC and Buyer agree that Buyer shall have caused the applicable Asset Sale Companies to

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purchase the Equipment specifically identified under the heading "Transamerica Equipment" on Schedule 1.37(b) (the "Transamerica Equipment"). Simultaneously with the Closing, PCC shall cause the applicable Asset Sale Companies to transfer to Buyer, and Buyer shall acquire, the Transamerica Equipment from such Asset Sale Companies pursuant to a bill of sale. Each of PCC and Buyer agrees that the Purchase Price Set forth in Section 1.82 includes all amounts that Buyer owes PCC or the Asset Sale Companies for the Transamerica Equipment upon its purchase by the applicable Asset Sale Companies from Transamerica, including one-half of the lease breakage fee. PCC acknowledges its responsibility to pay \$3,672.13 to Transamerica, which is one-half of such lease breakage fee.

5. Each of Buyer and PCC agree that the VC 5 Estimate shall mean \$1,482,206 and that the Final VC 5 Cost shall be equal to the VC 5 Estimate. Buyer hereby acknowledges that PCC has delivered documentation reasonably acceptable to Buyer detailing and supporting the VC 5 Estimate in accordance with Section 2.2(a) of the Agreement. Buyer hereby acknowledges that PCC has delivered documentation reasonably acceptable to Buyer detailing and supporting the Final VC 5 Cost in accordance with Section 2.2(b) of the Agreement.
6. Each of PCC and Buyer agree that in satisfaction of Section 2.12 of the Agreement, the face amount of the Promissory Note shall be fixed at \$2,516,882.
7. A new Section 2.14 of the Agreement is inserted into the Agreement as follows:

2.14 Subleases.

(a) Each of PCC and Buyer agree that at the Closing, Buyer shall sublease the Equipment set forth on Schedule 1.37(b) attached to the Agreement (other than the Transamerica Equipment) from the applicable Asset Sale Company pursuant to the subleases substantially in the forms attached hereto as Exhibits A-1, A-2, A-3, A-4 and A-5 (the "Subleases").

(b) At the Closing, PCC shall cause the applicable Asset Sale Company to, and Buyer shall execute and deliver the Subleases.

8. Sections 5.6(b) and (c) of the Agreement are deleted in their entirety and replaced with the following:

"(b) Prior to the Closing Date: (i) Buyer shall deliver a copy to PCC of the filing that is necessary to cause the applicable Governmental Authority to transfer any one of the Permits (the "Initial Filing") to Buyer in accordance with Law, in a form that satisfies all requirements of the applicable Governmental Authority; and (ii) following approval by PCC, Buyer shall file the Initial Filing with the appropriate Governmental Authority.

(c) Promptly following the Closing Date through the application of best efforts, and in any event no later than 30 days after the Closing, Buyer shall

make all filings other than the Initial Filing with the appropriate Governmental Authorities necessary to transfer the Permits to Buyer in accordance with Law and thereafter, as required by Law, shall post replacement bonds."

9. PCC and Buyer agree that the completion of the actions set forth in Section 4 and 7 of this letter agreement that are required to be completed by Buyer shall be deemed to satisfy all of Buyer's obligations: (i) to obtain the consent of the applicable third party lessor in accordance with Section 5.4 and Section 6.1(e) of the Agreement; and (ii) with respect to such Equipment leases pursuant to Section 5.6(g) of the Agreement (with the exception of the Equipment being leased from Deere Credit, Inc. pursuant to leases expiring in 2004).
10. The Schedules to the Agreement are hereby amended and restated in their entirety as attached hereto as Exhibit A.
11. Except as amended by this letter agreement, the Agreement shall continue in full force and effect.
12. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any executed counterpart of this letter agreement or other signature hereto delivered by a party by facsimile shall be deemed for all purposes as being good and valid execution and delivery of this letter agreement by such party.

Sincerely,

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development
and Technical Resources

ACKNOWLEDGED AND AGREED:

PARAMONT COAL COMPANY VIRGINIA, LLC

By: /s/ Michael J. Quillen

Name: Michael J. Quillen
Title: Attorney-in-fact

INDEMNIFICATION AND GUARANTY AGREEMENT

INDEMNIFICATION AND GUARANTY AGREEMENT, dated as of December 13, 2002, by and among PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), THE PITTSTON COMPANY, a Virginia corporation ("Pittston"), ALPHA NATURAL RESOURCES, LLC, a Delaware limited liability company ("Buyer's Ultimate Parent") and PARAMONT COAL COMPANY VIRGINIA, LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, Buyer and PCC have entered into an asset purchase agreement dated October 29, 2002 (such agreement, together with the Exhibits and Schedules attached thereto, as the same may be amended from time to time in accordance with the terms thereof, being hereinafter referred to as the "Acquisition Agreement"), pursuant to which Buyer will purchase or acquire from PCC and certain of its Affiliates certain assets, and assume certain liabilities, all upon the terms and subject to the conditions set forth in the Acquisition Agreement;

WHEREAS, PCC and Buyer desire to provide for the terms upon which they will indemnify each other with respect to certain matters relating to the transactions contemplated by the Acquisition Agreement;

WHEREAS, Pittston owns, indirectly, all of the outstanding capital stock of PCC and, as an inducement to Buyer to enter into the Acquisition Agreement, has agreed to guarantee the obligations of PCC and certain of PCC's Affiliates under this Agreement and the Acquisition Agreement; and

WHEREAS, Buyer's Ultimate Parent owns, indirectly, all of the outstanding membership interests of Buyer and, as an inducement to PCC to enter into the Acquisition Agreement, has agreed to guarantee the obligations of Buyer under this Agreement and the Acquisition Agreement;

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NOW, THEREFORE, in consideration of the premises and mutual agreements, covenants and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified below. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings specified in the Acquisition Agreement.

1.1. Acquisition Agreement.

"Acquisition Agreement" shall have the meaning set forth in the Recitals to this Agreement.

1.2. Adverse Consequences.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

1.3. Basket.

"Basket" shall have the meaning set forth in Section 2.1(b)(i) hereof.

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1.4. Buyer.

"Buyer" shall have the meaning set forth in the preamble to this Agreement.

1.5. Buyer Indemnified Persons.

"Buyer Indemnified Persons" shall mean Buyer, its Affiliates (including, after Closing, one or more Buyer Affiliates formed to hold the Virginia coal operations of PCC acquired pursuant to the Acquisition Agreement), and their respective members, directors, officers, employees, consultants, agents, attorneys and representatives.

1.6. Buyer's Ultimate Parent.

"Buyer's Ultimate Parent" shall have the meaning set forth in the preamble to this Agreement.

1.7. Buyer's Ultimate Parent Guaranty.

"Buyer's Ultimate Parent Guaranty" shall have the meaning set forth in Section 3.2 hereof.

1.8. Claim Notice.

"Claim Notice" shall have the meaning set forth in Section 2.3(b) hereof.

1.9. Dispute.

"Dispute" shall have the meaning set forth in Article VII hereof.

1.10. Indemnified Party.

"Indemnified Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.11. Indemnifying Party.

"Indemnifying Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.12. Other Acquisition Agreements.

"Other Acquisition Agreements" shall mean the agreements set forth on Schedule A attached hereto.

1.13. Other Indemnification Agreements.

"Other Indemnification Agreements" shall mean the agreements set forth on Schedule B attached hereto.

1.14. PCC.

"PCC" shall have the meaning set forth in the preamble to this Agreement.

1.15. Pittston.

"Pittston" shall have the meaning set forth in the preamble to this Agreement.

1.16. Pittston Guaranty.

"Pittston Guaranty" shall have the meaning set forth in Section 3.1 hereof.

1.17. Pittston Indemnified Persons.

"Pittston Indemnified Persons" shall mean Pittston, PCC, the Asset Sale Companies and their respective directors, officers, employees, agents, stockholders and their respective Affiliates, and their respective directors, officers, employees, consultants, agents, attorneys and representatives.

ARTICLE II
INDEMNIFICATION

2.1. Indemnification by PCC.

- (a) PCC agrees to indemnify and hold harmless Buyer Indemnified Persons from and against, and reimburse them for, any and all Adverse Consequences that any Buyer Indemnified Persons may suffer or incur or become subject to as a result of:
 - (i) the inaccuracy or breach of any representation or warranty made by PCC to Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with the terms shall not be deemed without more to have caused a breach of any representation or warranty);
 - (ii) any failure by PCC to carry out, perform, satisfy or discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement (other than Article VII and Article VIII thereof);
 - (iii) any failure by PCC to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under Article VII and/or Article VIII of the Acquisition Agreement; and
 - (iv) any failure by PCC or the Asset Sale Companies to satisfy the Retained Liabilities.
- (b) Notwithstanding the provisions of Section 2.1(a), PCC shall not be required to indemnify any of Buyer Indemnified Persons with respect to the matters described in Sections 2.1(a)(i) and 2.1(a)(ii):

- (i) unless and until the sum of (A) the Adverse Consequences for which indemnification pursuant to (1) Sections 2.1(a)(i) and 2.1(a)(ii) or (2) in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by Buyer to obtain any of the consents listed on Schedule 6.1(e)(i) of the Acquisition Agreement or in Schedule 6.1(e)(i) of the Other Acquisition Agreements shall exceed \$100,000 (the "Basket"), in which case the entire amount of such Adverse Consequences is recoverable;
 - (ii) unless the right to indemnity is asserted pursuant to Section 2.3, (i) on or before thirty (30) days after the Closing Date for any breach of PCC's representations specified in Section 3.5(c) or Section 3.5(d) of the Acquisition Agreement, (ii) on or before the fifth anniversary of the Closing Date for any breach of PCC's representations specified in Section 3.7 of the Acquisition Agreement and (iii) on or before the second anniversary of the Closing Date for any other matter described in Sections 2.1(a)(i) or 2.1(a)(ii); and
 - (iii) for any matter, to the extent that the aggregate amount of the Adverse Consequences for which Buyer Indemnified Persons have been indemnified pursuant to Sections 2.1(a)(i) and 2.1(a)(ii) or in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements exceeds \$15,000,000 (the "Cap").
- (c) Notwithstanding the foregoing, PCC agrees that any claim by a Buyer Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of PCC's representations specified in Sections 3.1, 3.2, 3.3, 3.5(a) and 3.13 of the Acquisition Agreement or (ii) pursuant to Sections 2.1(a)(iii) and 2.1(a)(iv), shall not be subject to the provisions of paragraph (b) of this Section 2.1.

- (d) PCC agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Buyer Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Buyer Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.2. Indemnification by Buyer.

- (a) Buyer agrees to indemnify and hold harmless Pittston Indemnified Persons from and against and reimburse them for, any and all Adverse Consequences that any Pittston Indemnified Persons may suffer or incur or become subject to as a result of:
 - (i) the inaccuracy or breach of any representation or warranty made by Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with its terms shall not be deemed without more to have caused a breach of any representation or warranty);
 - (ii) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement (other than Article VII and Article VIII thereof and with respect to the Permits);

- (iii) any liability that any Pittston Indemnified Persons may suffer or incur or become subject to because of: (A) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in the Acquisition Agreement relating to the Permits, or (B) the use by Buyer or its post-Closing Affiliates of any Permit held by PCC or any of its pre-Closing Affiliates;
- (iv) the ownership of the Purchased Assets on or after the Closing Date;
- (v) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under Article VII and/or Article VIII of the Acquisition Agreement, excluding the Retained Liabilities;
- (vi) any liability that any Pittston Indemnified Person may suffer or incur or become subject to because of any actions it takes pursuant to Sections 5.10(d), 5.10(e) or 5.10(f) of the Acquisition Agreement; provided, however, that this Section 2.2(a)(vi) shall not apply to any liability resulting from or arising out of any Pittston Indemnified Person's conduct in bad faith or willful misconduct;
- (vii) any liability that any Pittston Indemnified Person may suffer or incur or become subject to because of any actions it takes pursuant to the Administrative Services Agreement; provided, however, that this Section 2.2(a)(vii) shall not apply to any liability resulting from or arising out of any Pittston Indemnified Person's conduct in bad faith or willful misconduct;

- (viii) any liability that any Pittston Indemnified Person may suffer or incur or become subject to because of any actions it takes pursuant to the Subleases; provided, however, that this Section 2.2(a)
 - (viii) shall not apply to any liability resulting from or arising out of any Pittston Indemnified Person's default under the terms of the Subleases, conduct in bad faith or willful misconduct; and
 - (ix) any failure by Buyer to satisfy the Assumed Liabilities.
- (b) The foregoing notwithstanding, Buyer shall not be required to indemnify any Pittston Indemnified Persons with respect to the matters described in Sections 2.2(a)(i) and 2.2(a)(ii):
- (i) unless and until the sum of (A) Adverse Consequences for which indemnification pursuant to (1) Sections 2.2(a)(i) and 2.2(a)(ii) or (2) in Sections 2.2(a)(i) and 2.2(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by PCC to obtain any of the consents listed on Schedule 6.1(e)(ii) of the Acquisition Agreement or in Schedule 6.1(e)(ii) of the Other Acquisition Agreements shall exceed the Basket, in which case the entire amount of such Adverse Consequences is recoverable;
 - (ii) unless the right to indemnity is asserted on or before the second anniversary of the Closing Date pursuant to Section 2.3; and
 - (iii) for any matter, to the extent that the aggregate amount of Adverse Consequences for which the Pittston Indemnified Persons have been indemnified pursuant to Sections 2.2(a)(i) and 2.2(a)(ii) or in Sections 2.2(a)(i) and 2.2(a)(ii) of the Other Indemnification Agreements exceeds the Cap.

- (c) Notwithstanding the foregoing, Buyer agrees that any claim by a Pittston Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of Buyer's representations specified in Sections 4.1, 4.2, 4.3 and 4.4 of the Acquisition Agreement or (ii) pursuant to Sections 2.2(a)(iii) through (ix), shall not be subject to the provisions of paragraph (b) of this Section 2.2.
- (d) Notwithstanding the foregoing, nothing in Section 2.2(a)(iv) shall diminish the right of any Buyer Indemnified Person to seek indemnification from PCC after the Closing Date pursuant to the terms of this Agreement.
- (e) Buyer agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Pittston Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Pittston Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.3. Indemnification Procedures.

- (a) All claims for indemnification under this Agreement shall be asserted and resolved pursuant to this Section 2.3.
- (b) Each party entitled to indemnification under this Agreement (the "Indemnified Party") shall give notice (a "Claim Notice") to the party required to provide such indemnification (the "Indemnifying Party") promptly after such Indemnified Party has notice of any Adverse Consequence which may give rise to a claim for indemnification against the other party under this Agreement, provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the

Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced. The Indemnified Party shall not be required to commence litigation or take any action against any third party prior to delivery of the Claim Notice.

- (c) The Indemnifying Party will have the right (at its expense) to assume the investigation and/or defense of any Adverse Consequence or any litigation resulting therefrom so long as (i) the Indemnifying Party notifies the Indemnified Party in writing (within 20 days after the Indemnified Party has given the Claim Notice) that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of the Adverse Consequence, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend, and otherwise indemnify for, the Adverse Consequence and fulfill its indemnification obligations hereunder and (iii) the Adverse Consequence involves only money damages and does not seek an injunction or other equitable relief.
- (d) So long as the Indemnifying Party is conducting the defense of the Adverse Consequence in accordance with Section 2.3(c), (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Adverse Consequence, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnifying Party (not to be withheld unreasonably), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnified

Party; provided, that the Indemnifying Party may consent to such judgment or enter into such settlement without the prior written consent of the Indemnified Party so long as an unconditional term of any such judgment or settlement includes the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability with respect to such Adverse Consequence.

- (e) In the event any of the conditions in Section 2.3(c) is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Adverse Consequence in any manner it may reasonably deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Adverse Consequence (including reasonable attorneys' fees and expenses), and (C) the Indemnifying Parties will remain responsible for any Adverse Consequence the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of or caused by the Adverse Consequence to the fullest extent provided in this Agreement.
- (f) Any indemnification with respect to the matters set forth in Section 2.1(a)(iv) and addressed expressly in the Cooperation Agreement shall be conducted exclusively in accordance with the Cooperation Agreement. Notwithstanding any provision of this Agreement, PCC shall have no obligation to indemnify any Buyer Indemnified Person with respect to any claim or matter to the extent that any Buyer Indemnified Person has failed to comply with its obligations under the Cooperation Agreement with respect to such claim or matter or has taken any action that prevents, hinders or delays PCC from managing or disposing of such claim or matter in the manner elected by PCC in its sole discretion.

2.4. Insurance Proceeds.

The amount of any indemnification payable in connection with any transaction contemplated by this Agreement or the Acquisition Agreement shall be net of any insurance proceeds available, under any insurance policies in effect at the time that are maintained in the Ordinary Course of Business, to a Buyer Indemnified Person or a Pittston Indemnified Person, respectively, in connection with the events or circumstances giving rise to the indemnification. For purposes of this Section 2.4, any pollution and legal liability insurance policies or an insurance policy covering loss in connection with the representations and warranties contained in the Acquisition Agreement will be deemed not to be maintained in the Ordinary Course of Business.

2.5. Exclusivity of Rights and Procedures.

The parties agree that, except as set forth in Section 2.3(f) of this Agreement, the Paramount Service Agreement, Article VII of the Acquisition Agreement or in any Articles titled "Certain Tax Matters" of the Other Acquisition Agreements, this Agreement shall constitute the sole and exclusive remedy of the parties hereto with respect to the subject matters addressed in this Agreement, the Acquisition Agreement and the transactions contemplated by the Acquisition Agreement. Each party to this Agreement hereby waives and releases the other parties from any and all claims and other causes of action, including claims for contribution, related to those subject matters, other than claims (i) pursuant to the terms of this Agreement, (ii) related to the Retained Liabilities (in the case of Buyer Indemnified Persons) or the Assumed Liabilities (in the case of the Pittston Indemnified Persons), (iii) for fraud, and (iv) for injunctive relief.

ARTICLE III
GUARANTIES

3.1. Pittston Guaranty.

- (a) Pittston hereby irrevocably and unconditionally guarantees to Buyer (the "Pittston Guaranty") the full and punctual performance and compliance by PCC with each and every covenant, term and condition to be performed or complied with by PCC under this Agreement and the Acquisition Agreement. The Pittston Guaranty expressed in this Section 3.1 is an absolute, present, primary and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by PCC or upon any other condition or contingency.
- (b) Pittston hereby expressly waives (i) notice of acceptance of the Pittston Guaranty and (ii) any other notice given to PCC in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Pittston hereby authorizes Buyer to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of PCC under the Agreement without notice to or consent by Pittston. Pittston acknowledges and agrees that its liability under the Pittston Guaranty is joint and several with PCC and, upon any default by PCC, Buyer shall not be obligated to first attempt enforcement against PCC. Pittston hereby waives any and all defenses to enforcement of the Pittston Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.
- (c) Pittston represents and warrants to Buyer that (i) Pittston is a corporation validly existing and in good standing under the laws of the Commonwealth of Virginia; (ii) all necessary corporate action has been duly taken by it to authorize the execution, delivery and performance by it of the Pittston Guaranty, (iii)

the Pittston Guaranty is being executed on Pittston's behalf by a duly authorized representative, (iv) the Pittston Guaranty is the legally valid and binding obligation of Pittston enforceable in accordance with its terms, and (v) the execution and the delivery of the Pittston Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Pittston's Articles of Incorporation or Bylaws or of any material franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Pittston is a party or by which Pittston is bound, or any Law or any order, judgment, writ, injunction or decree to which Pittston is a party or by which Pittston may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Pittston or that otherwise relates to the Pittston's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Pittston is subject.

- (d) Pittston agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by Buyer Indemnified Persons in enforcing Pittston's liability to Buyer Indemnified Persons under the Pittston Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is

filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.

- (e) The Pittston Guaranty shall be binding upon Pittston and its successors and assigns, and shall inure to the benefit of and be enforceable by Buyer and its successors and assigns. For purposes of the Pittston Guaranty, Pittston shall be deemed to include the surviving entity in any merger or consolidation involving Pittston, which survivor shall be bound by the provisions of the Pittston Guaranty and this Agreement.

3.2. Buyer's Ultimate Parent Guaranty.

- (a) Buyer's Ultimate Parent hereby irrevocably and unconditionally guarantees to PCC (the "Buyer's Ultimate Parent Guaranty") the full and punctual performance and compliance by Buyer with each and every covenant, term and condition to be performed or complied with by Buyer under this Agreement, the Acquisition Agreement and the Promissory Note. Buyer's Ultimate Parent Guaranty expressed in this Section 3.2 is an absolute, present, primary and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by Buyer or upon any other condition or contingency.
- (b) Buyer's Ultimate Parent hereby expressly waives (i) notice of acceptance of Buyer's Ultimate Parent Guaranty and (ii) any other notice given to Buyer in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Buyer's Ultimate Parent hereby authorizes PCC to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of Buyer under the Agreement without notice to or consent by Buyer's Ultimate Parent. Buyer's Ultimate Parent acknowledges and agrees that its

liability under Buyer's Ultimate Parent Guaranty is joint and several with Buyer and, upon any default by Buyer, PCC shall not be obligated to first attempt enforcement against Buyer. Buyer's Ultimate Parent hereby waives any and all defenses to enforcement of Buyer's Ultimate Parent Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.

- (c) Buyer's Ultimate Parent represents and warrants to PCC that (i) Buyer's Ultimate Parent is a limited liability company validly existing and in good standing under the laws of the State of Delaware; (ii) all necessary corporate action has been duly taken by it to authorize the execution, delivery and performance by it of Buyer's Ultimate Parent Guaranty, (iii) Buyer's Ultimate Parent Guaranty is being executed on Buyer's Ultimate Parent's behalf by a duly authorized representative, (iv) Buyer's Ultimate Parent Guaranty is the legally valid and binding obligation of Buyer's Ultimate Parent enforceable in accordance with its terms, and (v) the execution and the delivery of Buyer's Ultimate Parent Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Buyer's Ultimate Parent's Certificate of Formation, Operating Agreement or other organizational documents or of any material franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Buyer's Ultimate Parent is a party or by which Buyer's Ultimate Parent is bound, or any Law or any order, judgment, writ, injunction or decree to which Buyer's Ultimate Parent is a party or by which Buyer's Ultimate Parent may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Buyer's Ultimate Parent or that otherwise relates to Buyer's Ultimate Parent's business; or (C)

give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Buyer's Ultimate Parent is subject.

- (d) Buyer's Ultimate Parent agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by the Pittston Indemnified Persons in enforcing Buyer's Ultimate Parent's liability to the Pittston Indemnified Persons under Buyer's Ultimate Parent Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.
- (e) Buyer's Ultimate Parent Guaranty shall be binding upon Buyer's Ultimate Parent and its successors and assigns, and shall inure to the benefit of and be enforceable by PCC and its successors and assigns. For purposes of Buyer's Ultimate Parent Guaranty, Buyer's Ultimate Parent shall be deemed to include the surviving entity in any merger or consolidation involving Buyer's Ultimate Parent, each of whom shall be bound by the provisions of the Buyer's Ultimate Parent Guaranty and this Agreement.

ARTICLE IV
SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or

unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

ARTICLE V
NOTICES

All communications, notices and disclosures required or permitted by this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by messenger or by overnight delivery service, or within five days of being mailed by registered or certified United States mail, postage prepaid, return receipt requested, in all cases addressed to the person for whom it is intended at his address set forth below or to such other address as a party shall have designated by notice in writing to the other parties in the manner provided by this Article V:

if to PCC or Pittston, to them at:

Pittston Coal Company
448 N.E. Main Street
P. O. Box 5100
Lebanon, Virginia 24266
Attention: President

with a copy to:

Pittston Coal Company
c/o The Pittston Company
1801 Bayberry Court
P. O. Box 18100
Richmond, Virginia 23226-8100
Attention: General Counsel

and a copy to:

Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

if to Buyer:

Paramont Coal Company Virginia, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

if to Buyer's Ultimate Parent, to it at:

Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

ARTICLE VI
ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but this Agreement and the rights, interests or obligations hereunder shall not be assignable by Buyer's Ultimate Parent, Buyer, Pittston or PCC without the prior written consent of the other parties and any attempt to make such an assignment without such consent shall be void and of no effect.

ARTICLE VII
ARBITRATION

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute") shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to designate an arbitrator within fourteen (14) calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Article VII shall be the exclusive means to resolve all Disputes.

ARTICLE VIII
MISCELLANEOUS

8.1. Headings.

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

8.2. Integration.

This Agreement and any other agreement entered into contemporaneously with this Agreement among PCC, Pittston, Buyer and Buyer's Ultimate Parent or the Affiliates of any of them constitute the entire agreement and supercede all prior agreements and understandings not reflected in the Acquisition Agreement, both written and oral, among the parties with respect to the subject matter hereof.

8.3. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8.4. Governing Law.

This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the Commonwealth of Virginia, without regard to the conflicts of laws principles thereof.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

PARAMONT COAL COMPANY VIRGINIA, LLC,
a Delaware limited liability company

By:/s/ Michael J. Quillen

Name: Michael J. Quillen
Title: Attorney-in-fact

ALPHA NATURAL RESOURCES, LLC, a Delaware
limited liability company

By:/s/ Michael J. Quillen

Name: Michael J. Quillen
Title: President

PITTSTON COAL COMPANY,
a Delaware corporation

By:/s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development and
Technical Resources

THE PITTSTON COMPANY,
a Virginia corporation

By:/s/ James B. Hartough

Name: James B. Hartough
Title: Vice President - Corporate Finance
and Treasurer

Schedule A

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Asset Purchase Agreement by and between Pittston Coal Company and Dickenson-Russell Coal Company, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Land and Reserves, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Coal Sales Co., LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Terminal Company, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Maxxim Rebuild Co., LLC, dated as of October 29, 2002, as amended.

Schedule B

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Dickenson-Russell Coal Company, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Land and Reserves, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Coal Sales Co., LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Terminal Company, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Maxxim Rebuild Co., LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

COOPERATION AGREEMENT

BY AND BETWEEN

PITTSTON COAL COMPANY

AND

PARAMONT COAL COMPANY VIRGINIA, LLC

December 13, 2002

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COOPERATION AGREEMENT

THIS COOPERATION AGREEMENT, made as of December 13, 2002, by and between PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), on its own behalf and on behalf of its Affiliates, and PARAMONT COAL COMPANY VIRGINIA, LLC, a Delaware limited liability company ("Paramont Virginia"), on its own behalf and on behalf of its Affiliates.

RECITALS

WHEREAS, Paramont Virginia, PCC and certain Affiliates of PCC have entered into a certain asset purchase agreement as set forth on Schedule A, dated as of October 29, 2002 (such agreement, together with the Exhibits and Schedules attached thereto being hereinafter referred to as the "Acquisition Agreement"), pursuant to which Paramont Virginia has agreed to purchase or acquire from PCC and certain of its Affiliates certain assets, and assume certain liabilities, all upon the terms and subject to the conditions set forth in the Acquisition Agreement;

WHEREAS, pursuant to the Acquisition Agreement, PCC has agreed to retain certain liabilities and certain assets; and

WHEREAS, PCC, PCC Parent, Paramont Virginia and Alpha Natural Resources, LLC, a Delaware limited liability company, have entered into the Indemnification and Guaranty Agreement; and

WHEREAS, PCC and Paramont Virginia desire to establish certain administrative procedures with respect to their respective obligations under the Acquisition Agreement; provided, however, that nothing in this Agreement is intended in any way to reallocate risk or modify the allocation of liabilities in the Acquisition Agreement or the Indemnification and Guaranty Agreement; and provided, further, that nothing in this Agreement, the Acquisition Agreement or the Indemnity Agreement is intended to, nor should be construed to, establish a single employer, joint employer, common employer and/or alter ego relationship between PCC and its Affiliates on the one hand and Paramont Virginia and its Affiliates on the other hand.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein and in the Acquisition Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PCC and Paramont Virginia agree that:

ARTICLE I DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified below. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings specified in the Acquisition Agreement.

1.1. Acquisition Agreement.

"Acquisition Agreement" shall have the meaning set forth in the Recitals to this Agreement.

1.2. Affiliates, Successors, Assigns, Lessees or Contractors.

"Affiliates, Successors, Assigns, Lessees or Contractors" shall mean Paramont Virginia's Affiliates, contractual successors and assigns, and lessees and contractors who, as part of a contractual arrangement with Paramont Virginia or one of its Affiliates, offer employment to the current or former Employees of an Asset Sale Company.

1.3. Agreement.

"Agreement" shall mean this Cooperation Agreement, together with the Schedule[s] attached hereto, as the same may be amended from time to time in accordance with the terms hereof.

1.4. Coal Act Liabilities.

"Coal Act Liabilities" shall mean those Retained Liabilities specified in Section 1.89(j) of the Acquisition Agreement.

1.5. Communications.

"Communications" shall have the meaning set forth in Section 2.1(a) hereof.

1.6. Employee Related Liabilities.

"Employee Related Liabilities" shall mean those Retained Liabilities specified in Sections 1.89(d), 1.89(e), 1.89(f), 1.89(i), 1.89(k), 1.89(l), and 1.89(n) of the Acquisition Agreement.

1.7. Paramount Virginia.

"Paramount Virginia" shall have the meaning set forth in the preamble to this Agreement.

1.8. PCC.

"PCC" shall have the meaning set forth in the preamble to this Agreement.

1.9. Recurrence Claim.

"Recurrence Claim" shall have the meaning set forth in Section 3.4 hereof.

1.10. Third Parties.

"Third Parties" shall have the meaning set forth in Section 7.3 hereof.

1.11. UMWA.

"UMWA" shall mean the International Union, United Mine Workers of America, including its district and local unions.

1.12. Workers' Compensation and Federal Black Lung Liabilities.

"Workers' Compensation and Federal Black Lung Liabilities" shall mean those Retained Liabilities specified in Sections 1.89(b) and 1.89(c) of the Acquisition Agreement.

ARTICLE II
COAL ACT LIABILITIES

2.1. General.

In order to assist PCC with regard to the satisfaction of the Coal Act Liabilities, PCC and Paramount Virginia agree as follows:

(a) Notices and Communication.

In the event Paramount Virginia or any of its Affiliates, Successors, Assigns, Lessees or Contractors receive from any administrative, judicial or other source any claims, communications, correspondence, notices, invoices and/or other documents (collectively, "Communications") that are related to the Coal Act Liabilities, Paramount Virginia agrees that it shall, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to:

- (i) promptly send to PCC or its designated Affiliate a copy of any such Communications; and
- (ii) cooperate with PCC in notifying the sender of the Communications that such Communications should be sent to PCC or its designated Affiliate.

(b) Litigation.

PCC shall have the exclusive right to pursue and/or defend currently pending litigation or to commence and/or defend future litigation, with respect to any issue relating to the Coal Act Liabilities, including, but not limited to, claims pertaining to specific beneficiaries, statutory construction or the constitutionality of the Coal Act, as PCC deems necessary or appropriate.

(c) Administration. PCC or one or more of its Affiliates shall be solely responsible for administering the Coal Act Liabilities and shall take such actions as it deems necessary or appropriate to administer the Coal Act Liabilities, including, but not limited to:

- (i) pursuing administrative or judicial challenges to the assignment of beneficiaries to PCC or any of its Affiliates in accordance with the terms of the Coal Act;
- (ii) administering claims under the individual employer plan required to be maintained under Section 9711 of the Coal Act, including entering into agreements with third party administrators and resolving or litigating claim disputes;
- (iii) implementing managed care and/or other methods of delivery;
and
- (iv) discussing managed care and cost containment options with the UMWA.

ARTICLE III
WORKERS' COMPENSATION AND FEDERAL BLACK LUNG LIABILITIES

3.1. General.

In order to assist PCC with regard to the satisfaction of the Workers' Compensation and Federal Black Lung Liabilities, PCC and Paramount Virginia agree as follows:

(a) Administration.

PCC or one or more of its Affiliates shall be solely responsible for administering the Workers' Compensation and Black Lung Liabilities, including making such determinations, awarding and denying such benefits, seeking such administrative and judicial rulings and remedies and taking all such other actions as PCC shall deem necessary or appropriate. (b) Notices and Communication.

- (i) Paramount Virginia and PCC agree to cooperate with each other in providing any notices that may be necessary to the appropriate Governmental Authority regarding the allocation between PCC, on the one hand, and Paramount Virginia, on the other hand, of the Workers' Compensation and Federal Black Lung Liabilities.
- (ii) In the event Paramount Virginia or any of its Affiliates, Successors, Assigns, Lessees or Contractors receive any Communications that are related to the Workers' Compensation and Federal Black Lung Liabilities, Paramount Virginia agrees that it shall, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to, send promptly to PCC or its designated Affiliate a copy of any such Communications.
- (iii) Paramount Virginia and PCC agree to cooperate with each other in providing such notices of the allocation of liabilities under the Acquisition Agreement as Paramount Virginia and PCC deems appropriate to any insurer or third party administrator providing services or benefits related to the Workers' Compensation and Federal Black Lung Liabilities.

3.2. Litigation and Disputes.

PCC shall have the right to resolve or defend against any claim that is related to the Workers' Compensation and Federal Black Lung Liabilities in such manner as PCC in its discretion deems appropriate, in accordance with such procedures as PCC deems appropriate and with the controlling Workers' Compensation Act and federal black lung Laws, including raising the defense that Paramount Virginia is the responsible operator under the federal black lung Laws because Paramount Virginia or its Affiliates, Successors, Assigns, Lessees or Contractors is a successor-in-interest to PCC or its Affiliates; provided, however, that Paramount Virginia shall have the right to respond that PCC is the responsible operator under the federal black lung Laws notwithstanding Paramount Virginia's acquisition of the Purchased Assets. PCC also shall have the right to institute or defend against any litigation related to the Workers' Compensation and Federal Black Lung Liabilities, except that PCC shall promptly notify Paramount Virginia of any workers' compensation or federal black lung claim in which it intends to assert that Paramount Virginia is responsible for payment of the same under the Acquisition Agreement, in which case Paramount Virginia shall have the right to intervene in any such action to oppose PCC's position. Any dispute as to which entity is the responsible entity for such workers' compensation claims shall be determined in accordance with the Workers' Compensation Acts, and any dispute as to which entity is the responsible operator for such black lung claims shall be determined in accordance with the federal black lung Laws.

3.3. No Adverse Changes.

Paramont Virginia agrees that it will, and will cause its Affiliates, Successors, Assigns, Lessees or Contractors to, use its or their commercially reasonable efforts to retain in effect any lawful program or practice of PCC or its Affiliates in effect at Closing that is intended to reduce employer liability or the length of time an employee is entitled to receive benefits under the Workers' Compensation Act.

3.4. Recurrence of Prior Claims.

In the event Paramont Virginia or any of its Affiliates, Successors, Assigns, Lessees or Contractors receives a claim under the applicable Workers' Compensation Acts or federal black lung Laws and Paramont Virginia or its Affiliates, Successors, Assigns, Lessees or Contractors believes in good faith that such claim relates to, or is a recurrence of, a prior claim that constituted a Workers' Compensation or Federal Black Lung Liability (a "Recurrence Claim"), the provisions of this Section 3.4 shall govern. Paramont Virginia shall promptly notify PCC of any Recurrence Claim and the basis for its determination that such claim is a Recurrence Claim prior to communicating its determination to any other person or entity. If PCC agrees with Paramont Virginia that such claim is a Recurrence Claim, such claim shall be deemed a Workers' Compensation and Federal Black Lung Liability, and the rights and obligations of the parties shall be as provided in this Article III. If PCC disagrees with Paramont Virginia's position, the matter will be submitted to the appropriate Governmental Authority for a determination, with each side being responsible for its respective costs in such procedure. Paramont Virginia recognizes that in the event the employee who has filed the claim disagrees with the position of the parties with respect to a Recurrence Claim, the employee may file a claim with the appropriate Governmental Authority for a determination. In any such case, PCC and Paramont Virginia shall each have the right to defend its position, with each side bearing the cost of its own defense.

ARTICLE IV
EMPLOYEE RELATED LIABILITIES

4.1. Employee Related Liabilities.

In order to assist PCC with regard to the satisfaction of the Employee Related Liabilities, PCC and Paramount Virginia agree as follows:

- (a) Administration. PCC or one or more of its Affiliates shall be solely responsible for administering the Employee Related Liabilities, making such determinations, awarding and denying such benefits, seeking such administrative and judicial rulings and remedies and taking all such other actions as PCC shall deem necessary or appropriate.
- (b) Notices and Communication.
 - (i) PCC has the exclusive right to provide such notices as PCC deems necessary or appropriate to Employees or other beneficiaries regarding any matters related to the Employee Related Liabilities and to any third parties providing services or benefits related to the Employee Related Liabilities.
 - (ii) In the event Paramount Virginia or any of its Affiliates, Successors, Assigns, Lessees or Contractors receives any Communications that are related to the Employee Related Liabilities, Paramount Virginia shall promptly send, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors promptly to send, such Communications to PCC or its designated Affiliate.

(iii) Paramount Virginia agrees to provide on a monthly basis for a period of 12 months following the Closing Date, the names and social security numbers of any non-Classified Employees hired by Paramount Virginia or its Affiliates, Successors, Assigns, Lessees or Contractors and further agrees to provide, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to provide, all information in its or their possession or under its or their control reasonably requested by PCC in order to administer and satisfy any Employee Related Liabilities.

(c) Litigation. PCC shall have the exclusive right to pursue and/or defend currently pending litigation, or to commence and/or defend future litigation, with respect to any issue related to any Employee Related Liabilities, as PCC shall deem necessary or appropriate.

ARTICLE V
DISPUTE RESOLUTION

Disputes under or alleged violations of this Agreement shall be handled in accordance with the Dispute resolution procedure set forth in Article VII of the Indemnification and Guaranty Agreement.

ARTICLE VI
TERM

The term of this Agreement shall commence as of the Closing Date and shall continue through the completed satisfaction of all of the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities.

ARTICLE VII
MISCELLANEOUS

7.1. Cooperation.

- (a) To the extent permitted by Law and on a timely basis, Paramount Virginia agrees to take any reasonable action, provide information and execute any appropriate documents, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to take any reasonable action, provide information and execute any appropriate documents, that PCC reasonably requests in order to assist PCC with regard to the administration and satisfaction of the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities. Upon written request by Paramount Virginia, PCC shall reimburse Paramount Virginia for costs above \$10,000 per year that are reasonably incurred by Paramount Virginia or its Affiliates as a result of actions taken by it or them under this Agreement. Prior to payment of such costs, PCC shall be entitled to receive a detailed invoice of such costs from Paramount Virginia if so requested by PCC.
- (b) PCC and Paramount Virginia shall cooperate with each other to determine the timing and manner of transferring the Books and Records to Paramount Virginia after the Closing, provided, however, that Paramount Virginia or its Affiliates shall have immediate access to all such Books and Records while still in the possession of PCC and provided, further, that PCC or its Affiliates shall have reasonable access to, and shall be allowed to copy at its sole expense, any Books and Records to which PCC

reasonably believes it needs access or for which PCC reasonably believes it needs copies after the Closing.

7.2. Continuing Obligations.

Any failure by PCC or by Paramount Virginia or its Affiliates, Successors, Assigns, Lessees, or Contractors to comply with any of their obligations in this Agreement shall not relieve PCC or Paramount Virginia of any of their Liabilities or obligations under the Acquisition Agreement.

7.3. Paramount Virginia Communication with Third Parties.

Unless otherwise agreed to in writing by PCC or except as permitted specifically by this Agreement and the Acquisition Agreement, neither Paramount Virginia nor any of its Affiliates, Successors, Assigns, Lessees or Contractors will make any public statements or communicate with the United Mine Workers of America Combined Benefit Fund, the 1992 UMWA Benefit Plan, any beneficiary of any Employee Benefit Plan, or any other Person or entity (collectively, "Third Parties") with respect to or concerning the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities. Notwithstanding the foregoing, in the event PCC fails to take such actions as are necessary to comply with its obligations under the Acquisition Agreement and this Agreement with respect to any of the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities within a reasonable time after receiving notice from Paramount Virginia that attempts have been or are being made to obtain information concerning or to impose any of the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities on Paramount Virginia or any of its Affiliates, Successors, Assigns, Lessees or Contractors, Paramount Virginia shall be permitted to communicate with the

appropriate Third Party regarding PCC's obligations with respect to such Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities. In addition, notwithstanding anything in the foregoing to the contrary, in the event any Third Party contacts Paramount Virginia to inquire about PCC's or any of its Affiliates obligations with respect to such Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities under this Agreement, Paramount Virginia is permitted to direct such Third Party to contact PCC for additional information.

7.4. Litigation Support.

In the event and for as long as PCC is actively contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand related to the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities, Paramount Virginia will, to the extent reasonable, cooperate, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to cooperate, with PCC and its counsel in the contest or defense, make available their personnel and provide such testimony and access to their books, documents and records as shall be reasonably necessary in connection with the contest or defense.

7.5. Confidentiality.

Except as otherwise provided in this Agreement, each party hereto covenants and agrees to keep confidential the existence of this Agreement and the contents of this Agreement at all times while any provision of this Agreement is in force, unless and to the extent that a party shall be required to disclose the same by generally accepted accounting principles, Law or judicial order or decree or administrative regulation or order or in order to comply with its obligations hereunder; provided, however, that any party that believes it may be

required to disclose this Agreement or any provisions hereof shall promptly notify the other hereto in writing and afford such other party the opportunity to determine whether disclosure is in fact required or if the scope of the required disclosure can be reduced and provided further, however, that notwithstanding anything in this Section 7.5 or in Section 7.3 hereof to the contrary, without notifying the other party, any party may disclose the existence and contents of this Agreement:

- (a) to any employees within the party's organization who need to know of this Agreement in order for the party to comply with its obligations hereunder, so long as such employees at the time of disclosure are required to comply with this Section 7.5;
- (b) to Paramount Virginia's Affiliates, Successors, Assigns, Lessees, Contractors and their employees, attorneys, accountants, consultants and lenders who need to know of the Agreement, so long as such entities and persons agree to comply with this Section 7.5;
- (c) to any third-party contractor whose services the party requires in order for the party to comply with its obligations hereunder so long as such contractor is contractually obligated to comply with this Section 7.5;
- (d) in the financial statements of the party as required by generally accepted accounting principles; or
- (e) to any attorneys, accountants, consultants or lenders of a party for whom the party agrees to be responsible for the compliance herewith.

With a copy to: Pittston Coal Company
c/o The Pittston Company
1801 Bayberry Court
P.O. Box 18100
Richmond, Virginia 23226-8100
Attention: General Counsel

And a copy to: Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

If to Paramont Virginia: Paramont Coal Company Virginia, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

With a copy to: First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger
First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above. PARAMONT COAL COMPANY VIRGINIA, LLC

By: /s/ Michael J. Quillen

Name: Michael J. Quillen
Title: Attorney-in-fact

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development and
Technical Resources

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

PITTSTON COAL COMPANY

AND

ALPHA LAND AND RESERVES, LLC

October 29, 2002

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of the 29th day of October, 2002, by and between PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), and ALPHA LAND AND RESERVES, LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, PCC owns, directly or indirectly, all of the outstanding capital stock of the corporations listed on Schedule 1.4 (the "Asset Sale Companies");

WHEREAS, PCC desires to cause to be sold and assigned, and Buyer desires to purchase and assume, certain of the assets and certain of the Liabilities (as hereinafter defined) of the Asset Sale Companies;

WHEREAS, PCC desires to cause the Asset Sale Companies to retain certain assets and certain Liabilities;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PCC and Buyer agree that:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified:

1.1. Administrative Services Agreement.

"Administrative Services Agreement" shall mean the agreement by and between PCC and Buyer, an outline of which is attached hereto as Exhibit A.

1.2. Affiliate.

"Affiliate" shall mean, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Agreement, none of Dominion Terminal Associates or any of its partners, other than Pittston Coal Terminal Corporation, shall be deemed an Affiliate of PCC or any of its Affiliates.

1.3. Agreement.

"Agreement" shall mean this Asset Purchase Agreement, together with the Exhibits and Schedules attached hereto, which are incorporated into this Asset Purchase Agreement by this reference, as the same may be amended from time to time in accordance with the terms hereof.

1.4. Asset Sale Companies.

"Asset Sale Companies" shall have the meaning given to it in the Recitals to this Agreement. The term "Asset Sale Company" shall mean one of the Asset Sale Companies.

1.5. Assignment and Assumption Agreements.

"Assignment and Assumption Agreements" shall mean the assignment and assumption agreements substantially in the form of Exhibit B attached hereto.

1.6. Assumed Liabilities.

"Assumed Liabilities" shall mean all Liabilities of the Asset Sale Companies listed on Schedule 1.6.

1.7. Bills of Sale.

"Bills of Sale" shall mean the bills of sale substantially in the form of Exhibit C attached hereto.

1.8. Books and Records.

"Books and Records" shall mean the original or true and complete copies of all of the books and records of the Asset Sale Companies pertaining to the Purchased Assets, including but not limited to, customer lists, purchase orders and invoices, sales orders and sales order log books, credit and collection records, plats, drawings and specifications, environmental and mining reports and studies, correspondence and miscellaneous records with respect to customers and supply sources, lessors and lessees, maps, core logs, engineering data, equipment maintenance records and all other general correspondence, records, books and files owned by any Asset Sale Company, but excluding any and all Tax Returns, books and records relating to the Retained Liabilities and corporate records of the Asset Sale Companies.

1.9. Business.

"Business" shall mean the business of owning and leasing coal reserves by the Asset Sale Companies.

1.10. Buyer.

"Buyer" shall have the meaning given to it in the preamble of this Agreement.

1.11. Buyer Closing Certificate.

"Buyer Closing Certificate" shall mean the certificate of Buyer substantially in the form of Exhibit D attached hereto.

1.12. Buyer's Ultimate Parent.

"Buyer's Ultimate Parent" shall mean Alpha Natural Resources, LLC, a Delaware limited liability company.

1.13. CERCLA.

"CERCLA" shall have the meaning set forth in Section 1.25 hereof.

1.14. CERCLIS.

"CERCLIS" shall have the meaning set forth in Section 3.6 hereof.

1.15. Closing.

"Closing" shall mean the closing of the transactions contemplated by this Agreement beginning at 10:00 a.m., local time, on the Closing Date, at the offices of Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

1.16. Closing Date.

"Closing Date" shall mean November 30, 2002 or such other date as the parties may mutually agree in writing.

1.17. Coal Act.

"Coal Act" shall mean the Coal Industry Retiree Health Benefit Act of 1992 as amended through the Closing Date (codified at Subtitle J of the Code).

1.18. Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, where appropriate, any predecessor or successor provisions of Law, and all regulations thereunder.

1.19. Contaminated.

"Contaminated" shall mean the presence of one or more Hazardous Substances in such quantity or concentration as to: (i) violate any Environmental Law; (ii) require disclosure to any Governmental Authority; (iii) require remediation or removal; (iv) interfere with or prevent the use of the Real Property or any of the Purchased Assets as customarily intended; or (v) create any contribution Liability to fund the clean up of the Real Property.

1.20. Contracts.

"Contracts" shall mean the contracts, agreements, personal and real property leases, relationships and commitments, written or oral, of the Asset Sale Companies listed on Schedule 1.20.

1.21. Conveyance Deeds.

"Conveyance Deeds" shall mean the deeds substantially in the form of Exhibit E attached hereto, with such revisions as shall be agreed upon by the parties hereto in connection with the Royalty Agreement.

1.22. CPA Arbitrator.

"CPA Arbitrator" shall have the meaning set forth in Section 2.9 hereof.

1.23. Dispute.

"Dispute" shall have the meaning set forth in Section 9.14 hereof.

1.24. Environment.

"Environment" shall mean surface or ground water, water supply, soil or the ambient air.

1.25. Environmental Laws.

"Environmental Laws" shall mean collectively, all federal, foreign, state, and local Laws in effect as of the Closing Date that relate to (a) the prevention, abatement or elimination of pollution, or the protection of the environment, or of natural resources, including, without limitation, Laws applicable to coal mining operations or related activities, (b) the generation, handling, treatment, storage, disposal or transportation of waste materials, (c) the regulation of or exposure to Hazardous Substances, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C.ss.ss.9601 et. seq. ("CERCLA"), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, as amended, 42 U.S.C.ss.ss.6901 et. seq. ("RCRA"), the Clean Air Act, 42 U.S.C.ss.ss.7401 et. seq., the Clean Water Act, 33 U.S.C. ss.ss.1251 et. seq., the Toxic Substances Control Act, 15 U.S.C.ss.ss.2601 et. seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C.ss.ss.11001 et. seq., and any foreign, state, county, municipal, or local statutes, Laws or ordinances similar or analogous to the federal statutes listed in this sentence.

1.26. Environmental Matter.

"Environmental Matter" shall mean any assertion of a violation, claim or directive by any Governmental Authority or any other Person for personal injury, damage to property or the Environment, nuisance, contamination or other adverse effects on the Environment, or for damages or restrictions resulting from or related to (i) the operation of PCC's or its Affiliates' business or any predecessor or the ownership, use or operation at or on any real property or other assets owned, operated or leased by PCC or its Affiliates or any predecessor; or (ii) the existence or the continuation of a Release of, or exposure to, or the transportation, storage or treatment of any Hazardous Substance into the Environment from or related to any real property or assets

currently or formerly owned, operated or leased by PCC or its Affiliates or any activities on or operations thereof.

1.27. Environmental or Response Action.

"Environmental or Response Action" shall mean all actions required (i) to clean up, remove, treat or in any other way address any Hazardous Substance or other substance; (ii) to prevent the Release or threat of Release, or minimize the further Release of any Hazardous Substance or other substance so it does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor Environment; (iii) to perform pre-remedial studies and investigations or post-remedial monitoring and care; (iv) to bring facilities on any real property currently or formerly owned, operated or leased by PCC or its Affiliates and the facilities located and operations conducted thereon into compliance with all Environmental Laws and Reclamation Laws and all permits and other authorizations, and the filing of all notifications and reports required under any Environmental Laws and Reclamation Laws; or (v) for the purpose of environmental protection of any real property currently or formerly owned, operated or leased by PCC or its Affiliates.

1.28. EPA.

"EPA" shall have the meaning set forth in Section 3.6 hereof.

1.29. Governmental Authority.

"Governmental Authority" shall mean any governmental, judicial, legislative, executive, administrative or regulatory authority of the United States, or of any foreign, state or local government or any subdivision, agency, commission, office, authority or bureau thereof or any quasi-governmental entity or authority of any nature.

1.30. Hazardous Substances.

"Hazardous Substances" shall mean any substance, chemical, waste, solid, material, pollutant or contaminant that is defined or listed as hazardous or toxic under any applicable Environmental Laws. Without limiting the generality of the foregoing it shall also include any radioactive material, including any naturally-occurring radioactive material, and any source, special or by-product material as defined in 42 U.S.C. 2011, et seq., any amendments or authorizations thereof, any asbestos-containing materials in any form or condition, any polychlorinated biphenyls in any form or condition, radioactive waste, or natural gas, natural gas liquids, liquified natural gas, condensate, or derivatives or byproducts thereof or oil and petroleum products or by products and constituents thereof.

1.31. Income Tax or Income Taxes.

"Income Tax" or "Income Taxes" shall mean any Tax based on or measured by net income.

1.32. Indemnification and Guaranty Agreement.

"Indemnification and Guaranty Agreement" shall mean the agreement by and among PCC Parent, PCC, Buyer and Buyer's Ultimate Parent substantially in the form of Exhibit F attached hereto.

1.33. Intercreditor Agreement.

"Intercreditor Agreement" shall mean the Intercreditor Agreement by and among PCC, Buyer and Buyer's third-party lenders, to be dated as of the Closing Date, in a form to be agreed upon by the parties hereto.

1.34. IRS.

"IRS" shall mean the United States Internal Revenue Service.

1.35. Knowledge of PCC.

"Knowledge of PCC" shall mean, for the individuals listed on Schedule 1.35, any such individual's actual knowledge and what any such individual should have known after reasonable inquiry within the scope of that individual's job responsibilities.

1.36. Law.

"Law" and "Laws" shall mean any applicable United States or foreign, federal, state, local or other law or governmental requirement of any kind, and the rules, regulations and orders promulgated thereunder.

1.37. Lien.

"Lien" shall mean any lien, encumbrance, mortgage, charge, claim, restriction, pledge, security interest or imposition of any kind.

1.38. Liability.

"Liability" shall mean any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), including any liability for Taxes. Liabilities shall mean one or more items of Liability.

1.39. Material Adverse Effect.

"Material Adverse Effect" shall mean any event, change or occurrence that individually, or together with any other event, change or occurrence, has a material adverse impact on the Business, taken as a whole, without regard to the duration of such material adverse impact.

1.40. Mining Activities.

"Mining Activities" shall mean those activities, if any, of the Asset Sale Companies that have taken place on or through the use of the Purchased Assets that involve surface, underground and auger mining, processing or transporting of coal and the handling of coal by-products.

1.41. Mining Data.

"Mining Data" shall have the meaning set forth in Section 3.5(c) hereof.

1.42. Mining Environmental Liabilities.

"Mining Environmental Liabilities" shall mean Liabilities that relate to or arise from both of the following: (i) any of the Hazardous Substances set forth on Schedule 1.42 and (ii) an Environmental Matter or Environmental and Response Action associated with Mining Activities to the extent that such Mining Activities conformed to industry standard practices at the time such Mining Activities were conducted.

1.43. MSHA.

"MSHA" shall have the meaning set forth in Section 3.6 hereof.

1.44. Ordinary Course of Business.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

1.45. OSM.

"OSM" shall have the meaning set forth in Section 3.6 hereof.

1.46. PCC.

"PCC" shall have the meaning given to it in the preamble to this Agreement.

1.47. PCC Closing Certificate.

"PCC Closing Certificate" shall mean the certificate of PCC substantially in the form of Exhibit G attached hereto.

1.48. PCC Group.

"PCC Group" shall have the meaning given to it in Section 1.61(1).

1.49. PCC Parent.

"PCC Parent" shall mean The Pittston Company, a Virginia corporation.

1.50. Permitted Liens.

"Permitted Liens" shall mean: (i) Liens for property Taxes not due and payable; (ii) encumbrances that would be apparent in a physical inspection of the surface of the Real Property; (iii) all instruments of record in the offices of the Clerk of the Circuit Court for each county where the Real Property is located; and (iv) those Liens affecting the Purchased Assets that are listed on Schedule 1.50.

1.51. Person.

"Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Authority.

1.52. Post-Closing Period.

"Post-Closing Period" shall mean any taxable period beginning after the Closing Date.

1.53. Pre-Closing Period.

"Pre-Closing Period" shall mean any taxable period ending on or before the Closing Date.

1.54. Purchase Price.

"Purchase Price" shall mean the cash amount of \$6,160,000, plus the Royalty Agreement.

1.55. Purchased Assets.

"Purchased Assets" shall mean all right, title and interest in and to the Books and Records, Real Property and Mining Data of the Asset Sale Companies and the rights of the Asset Sale Companies with respect to the Contracts.

1.56. RCRA.

"RCRA" shall have the meaning set forth in Section 1.25 hereof.

1.57. Real Property.

"Real Property" shall mean the real property rights and interests owned, leased or subleased by the Asset Sale Companies and any improvements, fixtures, easements, rights of way, and other appurtenants thereto (such as appurtenant rights in and to public streets) that are listed on Schedule 1.57.

1.58. Reclamation Laws.

"Reclamation Laws" shall mean all federal, state and local Laws, as now or hereafter in effect, relating to coal mining reclamation activities or Liabilities. For purposes of this definition, "coal mining" shall include, but not be limited to, any activities defined under the Surface Mining Control and Reclamation Act of 1977, as amended, as "surface coal mining operations."

1.59. Related Persons.

"Related Persons" shall mean related persons as that term is defined in Section 9701(c)(2) of the Coal Act, except that it shall not include successors in interest.

1.60. Release.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, dumping or disposing into the Environment of Hazardous Substances.

1.61. Retained Liabilities.

"Retained Liabilities" shall mean all of the Liabilities of each Asset Sale Company, other than the Assumed Liabilities, including, without limitation, the following:

- (a) the Liabilities listed on Schedule 1.61(a);
- (b) all Liabilities for terminated contract miner performance escrow amounts (including interest) accrued up to the Closing Date;
- (c) all Liabilities for accounts payable for which goods have been shipped and delivered (whether or not invoiced) or services have been performed (whether or not invoiced) and related notes, trade payables and earned royalties, to the extent that an Asset Sale Company received a benefit before the Closing Date;
- (d) all inter-company indebtedness owed by any Asset Sale Company to the PCC Parent or any of the PCC Parent's Affiliates;
- (e) except as set forth on Schedule 1.6, all Liabilities for the claims, legal actions, suits, litigation, arbitrations, disputes or investigations listed on Schedules 3.5(c) and 3.8;
- (f) all Liabilities of any of the Asset Sale Companies for unpaid Taxes with respect to any Tax year or portion thereof ending on or before the Closing Date or for any Tax year beginning before and ending after the Closing Date to the extent allocable to the

portion of such period beginning before and ending on the Closing Date (to the extent of any inconsistencies with Article VII hereof, Article VII shall be controlling);

- (g) all amounts payable as the result of the consummation of the transactions contemplated by this Agreement that arise due to any change of control provision of any Contract other than those Contracts listed on Schedule 5.4(b);
- (h) all Liabilities of any of the Asset Sale Companies for the unpaid Taxes of any Person (including PCC and its subsidiaries) under Reg. ss.1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise;
- (i) all Liabilities for any Environmental Matter or Environmental or Response Action related to real property or any other asset owned, operated or leased by PCC or any of its Affiliates that is not a Purchased Asset (except to the extent otherwise provided in any other agreement entered into contemporaneously with this Agreement pursuant to which reclamation and other services are to be performed on PCC's or its Affiliates' idle properties);
- (j) all Liabilities for any Environmental Matter or Environmental or Response Action (other than Mining Environmental Liabilities) to the extent the underlying claim relates to or arises from any activity on or through the use of the Purchased Assets and is attributable to acts or omissions occurring at or prior to the Closing;
- (k) all Liabilities of PCC that become a Liability of Buyer under any bulk transfer Law of any jurisdiction;

- (1) (1) all Liabilities, if any, of any Asset Sale Company and its Related Persons (collectively, the "PCC Group") under the Coal Act, and (2) all Liabilities, if any, of the PCC Group under any post-Closing amendments to the Coal Act for (i) beneficiaries eligible under the Coal Act who are assigned to a member of the PCC Group or for whom a member of the PCC Group is required to provide or pay for medical benefits pursuant to Sections 9711 or 9712 of the Coal Act or (ii) death benefit premiums or unassigned beneficiary premiums (as those terms are used in Sections 9704(c) and 9704(d) of the Coal Act) for beneficiaries eligible under the Coal Act, that are assessed against any member of the PCC Group; provided, for the avoidance of doubt, that the Liabilities retained pursuant to (1) and (2) above shall not be affected by Buyer or any of its Affiliates being identified under the Coal Act or any post-Closing amendments thereto as a successor, successor in interest or "Related person" under the Coal Act or any post-Closing amendments thereto to any member of the PCC Group solely as a result of Buyer's purchase of the Purchased Assets; and
- (m) all Liabilities under the contracts, agreements, personal and real property leases, relationships and commitments of the Asset Sale Companies listed on Schedule 1.61(m).

1.62. Royalty Agreement.

"Royalty Agreement" shall mean that \$20 million Royalty Agreement between Buyer and PCC based upon the tonnage of coal mined at the Real Property and earnings of the Business, to be dated as of the Closing Date, in a form to be agreed upon by PCC and Buyer.

1.63. SMCRA.

"SMCRA" shall have the meaning set forth in Section 3.6 hereof.

1.64. Straddle Period.

"Straddle Period" shall mean any taxable period covering days before and after the Closing Date.

1.65. Tax or Taxes.

"Tax" or "Taxes" mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code ss.59A), custom duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, reclamation fees or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, but shall not include, for purposes of this Agreement only, Liabilities under the Coal Act, of whatever nature and regardless of how denominated.

1.66. Tax Return.

"Tax Return" shall mean any original or amended report, return, declaration, claim for refund, statement, document, schedule, attachment or other information supplied or required to be supplied to a Governmental Authority with respect to Taxes, including any return of an affiliated, combined or unitary group.

1.67. VDEQ.

"VDEQ" shall have the meaning set forth in Section 3.6 hereof.

1.68. VDMME.

"VDMME" shall have the meaning set forth in Section 3.6 hereof.

ARTICLE II
PURCHASE AND SALE OF ASSETS

2.1. Transfer of Assets.

On the Closing Date, PCC (on behalf of the Asset Sale Companies) shall cause to be sold, conveyed, transferred, assigned, and delivered to Buyer, and Buyer shall acquire, the Purchased Assets. At the Closing, subject to the terms and conditions of this Agreement, PCC agrees to: (i) cause title to the Purchased Assets to be transferred and delivered to Buyer; and (ii) perform its obligations under this Agreement to be performed at or before Closing. In full payment for the Purchased Assets, Buyer shall: (i) assume the Assumed Liabilities; (ii) pay to PCC (which shall receive such amounts on behalf of the Asset Sale Companies) the Purchase Price by wire transfer of cash or other immediately available funds and execute and deliver to PCC the Royalty Agreement; and (iii) perform its obligations under this Agreement to be performed at or before Closing. Buyer shall not assume or have any responsibility with respect to any Liability of PCC Parent, PCC or the Asset Sale Companies that is not an Assumed Liability.

2.2. Bills of Sale, Assignment and Assumption Agreements, Conveyance Deeds and Other Documents.

At the Closing, PCC shall cause each of the Asset Sale Companies to: (i) execute and deliver to Buyer the Bills of Sale, the Assignment and Assumption Agreements, the Conveyance Deeds and such other documents as may be necessary to convey to Buyer the Purchased Assets; and (ii) perform its obligations under the Agreement to be performed at or before the Closing.

2.3. Assumption of Liabilities.

At the Closing, Buyer shall execute and deliver to PCC the Assignment and Assumption Agreements and such other documents and instruments as may be necessary for Buyer to assume all of the Assumed Liabilities. Buyer shall not assume or have any responsibility, however, with respect to any Liability of PCC Parent, PCC or the Asset Sale Companies that is not an Assumed Liability.

2.4. Proration of Liabilities.

PCC and Buyer shall cooperate with each other to provide for payments due with respect to the Assumed Liabilities and the Retained Liabilities during the payment period in which the Closing occurs with all such Liabilities prorated as of the Closing Date, if applicable.

2.5. Indemnification and Guaranty Agreement.

At the Closing, PCC, PCC Parent, Buyer's Ultimate Parent and Buyer shall execute and deliver the Indemnification and Guaranty Agreement.

2.6. Administrative Services Agreement.

At the Closing, PCC and Buyer shall execute and deliver the Administrative Services Agreement pursuant to which PCC or one of its Affiliates will provide certain services to Buyer or its Affiliates for a transition period.

2.7. Intercreditor Agreement.

At the Closing, in order to set forth certain agreements among PCC, Buyer and Buyer's third-party lenders, PCC, Buyer and Buyer's third-party lenders shall execute and deliver the Intercreditor Agreement.

2.8. Additional Documents.

At the Closing, PCC and Buyer shall, and PCC shall cause the Asset Sale Companies to, execute and deliver all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement, including the documents provided in Section 5.6 hereof and in this Article II.

2.9. Allocation of Purchase Price and Assumed Liabilities.

The Purchase Price and the Assumed Liabilities (to the extent they constitute part of the amount realized for federal Income Tax purposes) shall be allocated among the Purchased Assets in accordance with a schedule to be agreed upon by Buyer and PCC after the Closing Date. Buyer shall prepare such allocation schedule and deliver it to PCC upon a date to be agreed upon between the parties, which date shall be no later than 60 days after the Closing Date. PCC shall be deemed to agree with such allocation schedule unless, within ten (10) days after the date PCC receives the allocation schedule from Buyer, PCC notifies Buyer in writing of (i) each allocation with which it disagrees and (ii) for each such allocation, the amount that PCC proposes to allocate. If PCC provides such notice to Buyer, the parties shall proceed in good faith to resolve mutually the disputed allocation amounts within fifteen (15) days after the date on which PCC notifies Buyer of a disagreement with Buyer's proposed allocation. If PCC and Buyer cannot resolve any such differences, the parties agree to submit such differences to arbitration in Abingdon, Virginia, by the accounting firm of Deloitte & Touche, LLP or another accounting firm acceptable to both parties (the "CPA Arbitrator"). The CPA Arbitrator shall make such review and examination of the relevant facts and documents as the CPA Arbitrator deems appropriate and shall permit each of Buyer and PCC to make a written presentation of their respective positions. Within forty-five (45) days after submission of such dispute by both

parties, the CPA Arbitrator shall resolve such dispute in writing and shall prepare and deliver its decision, which shall (i) be based upon a determination of the fair market value of the Purchased Assets, (ii) defer to valuations that have been prepared in accordance with generally accepted valuation techniques absent manifest error, (iii) be final and binding upon the parties without further recourse or collateral attack and (iv) accept either Buyer's or PCC's position in its entirety. The party whose position is not accepted by the CPA Arbitrator shall pay all fees and costs of such CPA Arbitrator to arbitrate such dispute. The allocation schedule shall include, at a minimum, information necessary to complete Part II of IRS Form 8594. The allocation to the Purchased Assets is intended to comply with the requirements of Section 1060 of the Code. The parties shall cooperate to comply with all substantive and procedural requirements of Section 1060, and except for any adjustment to the Purchase Price hereunder, after the completion and agreement by the parties to the allocation schedule, such allocation schedule shall be adjusted only if and to the extent necessary to comply with such requirements of Section 1060. Buyer and PCC agree that they will not take nor will they permit any Affiliate to take, for Income Tax purposes, any position inconsistent with such allocation schedule to the Purchased Assets; provided, however, that (i) Buyer's cost for the Purchased Assets may differ from the total amount allocated hereunder to reflect the inclusion in the total cost of items (for example, capitalized acquisition costs) not included in the total amount so allocated and (ii) the amount realized by the Asset Sale Companies may differ from the total amount allocated hereunder to reflect transaction costs that reduce the amount realized for federal Income Tax purposes.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PCC

PCC hereby represents and warrants to Buyer that the statements contained in this Article III are correct and complete, except as set forth in the Schedules delivered by PCC to Buyer in

connection with this Agreement. The Schedules are arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Article III.

3.1. Incorporation.

PCC and each of the Asset Sale Companies are corporations duly organized, validly existing and in good standing under the Laws of the respective state or commonwealth of each such company's incorporation. PCC and each of the Asset Sale Companies that is not a corporation incorporated under the Laws of Virginia are duly qualified or licensed to transact business as a foreign corporation in Virginia and are in good standing under the laws of Virginia. Set forth on Schedule 3.1 is the name of each state or other jurisdiction in which each such company has either paid taxes or had an office in the three years prior to the date of this Agreement.

3.2. Execution, Delivery and Performance.

The execution, delivery and performance by PCC of this Agreement and by PCC and the applicable Asset Sale Company of each other agreement or instrument to which it is a party executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both: (i) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of PCC's or any Asset Sale Company's Articles of Incorporation or Bylaws or of any material franchise, mortgage, deed of trust, Lien, lease, license, instrument, agreement, consent, approval, waiver or understanding to which PCC or any Asset Sale Company is a party or by which any Asset Sale Company is bound, or any Law or any order, judgment, writ, injunction or decree to which PCC or any Asset

Sale Company is a party or by which PCC, any Asset Sale Company or the Purchased Assets may be bound or affected; (ii) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization issued by a Governmental Authority that is held by PCC or the Asset Sale Companies or that otherwise relates to the Purchased Assets; or (iii) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which PCC or any Asset Sale Company is subject.

3.3. Authorization.

PCC has full power and authority to enter into and deliver this Agreement and to perform its obligations hereunder and each of PCC and the Asset Sale Companies has full power and authority to enter into and deliver each other agreement or instrument to which it is a party executed in connection herewith and delivered pursuant hereto and to perform its obligations thereunder. PCC's execution, delivery and performance of this Agreement and the execution, delivery and performance of all other agreements and instruments by PCC and each of the Asset Sale Companies in connection herewith and delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of PCC and each of the Asset Sale Companies. This Agreement and all other agreements or instruments executed by PCC or any of the Asset Sale Companies in connection

herewith and delivered by PCC or any of the Asset Sale Companies pursuant hereto have been duly executed and delivered by PCC or such Asset Sale Companies and this Agreement and all other agreements and instruments executed by PCC or any of the Asset Sale Companies in connection herewith and delivered by PCC or any of the Asset Sale Companies pursuant hereto constitute the legal, valid and binding obligation of PCC or such Asset Sale Company, as the case may be, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

3.4. Absence of Changes.

Except as contemplated by this Agreement, since December 31, 2001, none of the Asset Sale Companies has, with respect to the Purchased Assets:

- (a) borrowed or agreed to borrow any funds or incurred, or become subject to, any Liability, or issued any note, bond or other debt security, or guaranteed any indebtedness for borrowed money or capitalized lease obligation, except Liabilities incurred in the Ordinary Course of Business, none of which would reasonably be expected to result in an impact greater than \$100,000;
- (b) paid any Liability other than current Liabilities in the Ordinary Course of Business;
- (c) sold, transferred or otherwise disposed of, or agreed to sell, transfer or otherwise dispose of any of the Real Property, or, other than in the Ordinary Course of Business, any other Purchased Assets;
- (d) except in the Ordinary Course of Business, entered into any agreement, contract, lease or license (or series of related agreements, contracts, leases and licenses) or made or permitted any material amendment to or termination, acceleration, modification or cancellation of any Contract or breached any provision of any Contract;

- (e) merged or consolidated with any other Person;
- (f) mortgaged, pledged or subjected to any Lien any of its assets or properties, other than Permitted Liens;
- (g) made any capital expenditure (or series of related capital expenditures) either (x) involving more than \$100,000 or (y) outside the Ordinary Course of Business;
- (h) made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans and acquisitions) either (x) involving \$100,000 or (y) outside the Ordinary Course of Business;
- (i) delayed or postponed the payment of accounts payable and other Liabilities outside the Ordinary Course of Business;
- (j) cancelled, compromised, waived or released any right or claim (or series of related rights and claims) either (x) involving more than \$100,000 or (y) outside the Ordinary Course of Business;
- (k) made any loan to, or entered into any other transaction with, any of the directors, officers and employees of such Asset Sale Company outside the Ordinary Course of Business;
- (l) entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract;
- (m) suffered any damage, destruction or loss, whether or not covered by insurance, that has had or would reasonably be expected to have a Material Adverse Effect;

- (n) implemented or adopted any change in its accounting methods or principles or the application thereof; or
- (o) entered into any agreement, arrangement or understanding with respect to any of the foregoing.

3.5. Real Property.

- (a) PCC has made available to Buyer all deeds, leases, bills of sale, documents of title, abstracts, surveys, plats and maps in the possession of the Asset Sale Companies or their Affiliates that relate to the Real Property. With respect to the Real Property:
 - (i) the Asset Sale Companies have marketable title to the owned Real Property, taken as a whole, and the Real Property is free and clear of any Lien (other than Permitted Liens);
 - (ii) there are no pending or, to the Knowledge of PCC, threatened condemnation proceedings, lawsuits, or administrative actions relating to the Real Property;
 - (iii) the legal description for the parcels contained in the deed thereof describes such parcel fully and adequately, and the buildings and improvements are located within the boundary lines of the described parcels of land;
 - (iv) none of the Asset Sale Companies have been notified that any buildings or improvements located on the Real Property are in violation of applicable zoning laws and ordinances; and

- (v) there are no outstanding options or rights of first refusal to purchase the parcel of Real Property, or any portion thereof or interest therein.
- (b) Schedule 1.57 identifies the coal leases, coal subleases and surface leases that comprise a portion of the Real Property. PCC has made available to Buyer all coal leases, coal subleases and surface leases listed on Schedule 1.57. With respect to each such lease and sublease:
 - (i) the lease or sublease is legal, valid, binding, enforceable, and in full force and effect;
 - (ii) except for the consents set forth on Schedule 3.7(c) that are required to be obtained and the notices given, the lease or sublease will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to above);
 - (iii) no Asset Sale Company nor, to the Knowledge of PCC, any other party to the lease or sublease is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;
 - (iv) no Asset Sale Company nor, to the Knowledge of PCC, any other party to the lease or sublease has repudiated any provision thereof; and
 - (v) none of the Asset Sale Companies has assigned, transferred, conveyed or subjected to a Lien any interest in the leasehold or subleasehold, other than those created pursuant to the terms of that lease or sublease.

- (c) There is not any third party adverse claim to any of the Real Property, other than Permitted Liens, and, to the Knowledge of PCC, no party is in wrongful possession of any parcel of the Real Property.
- (d) PCC has made available to Buyer geological data, reserve data, mine maps, core hole logs and associated data, coal measurements, coal samples, lithologic data, coal reserve calculations or reports, washability analyses or reports, mine plans, mining permit applications and supporting data, engineering studies and all other information, maps, reports and data, if any, in the possession of the Asset Sale Companies and relating to or affecting the Real Property, including the coal reserves, coal ownership, coal leases to the Asset Sale Companies, coal leases from the Asset Sale Companies to third parties, mining conditions, mines, and mining plans, if any, of the Asset Sale Companies as prepared and utilized by the Asset Sale Companies in any Mining Activities (collectively, the "Mining Data"). NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, BUYER ACCEPTS THE ASSET SALE COMPANIES' COAL RESERVES IN OR UNDER THE REAL PROPERTY, AS IS, WHERE IS, TOGETHER WITH THE MINING DATA, FREE OF ANY WARRANTY (EXPRESS OR IMPLIED) WITH REGARD TO THE MINEABILITY, WASHABILITY, RECOVERABILITY, VOLUME, OR QUANTITY OR QUALITY OF ANY COAL RESERVE. The coal reserves mined by the Asset Sale Companies (whether such reserves are owned or leased by the Asset Sale Companies) are not subject to any mining rights of any other Person.

3.6. Environmental Compliance.

- (a) Each Asset Sale Company is in material compliance with all Environmental Laws related to the Purchased Assets. Neither PCC nor any Asset Sale Company has been notified by any Governmental Authority of any current, alleged or unresolved violation of any Environmental Laws applicable to Mining Activities. if any, including any investigatory, remedial or corrective obligations, that would result in (i) closure, suspension or restriction of any mine or mining-related activity on the Real Property or (ii) exposure of Buyer to the imposition of any fines or other civil or criminal monetary penalty in excess of \$5,000.
- (b) To the Knowledge of PCC, after the Closing, Buyer will not be liable for any fines, penalties, fees, Taxes or other governmental charges assessed with respect to notices of violation, cessation orders, closure orders, show cause orders or other governmental enforcement actions issued prior to Closing with respect to the Purchased Assets. Neither this Agreement nor the consummation of the transactions that are the subject of this Agreement will result in any Buyer Liabilities for site investigation or cleanup, or notification to or consent of any Governmental Agency or third parties, pursuant to any of the so-called "transaction-triggered" or "responsible property transfer" Environmental Laws.
- (c) None of the Purchased Assets is identified on (i) the current or proposed National Priorities List under 40 C.F.R. ss. 300, (ii) the Comprehensive Environmental Response, Compensation and Liability Inventory System ("CERCLIS") list, or (iii) any list arising from a federal, state or local statute similar to CERCLA. To the Knowledge of PCC, the Real Property is not Contaminated with any Hazardous Substance.

- (d) (A) None of the Purchased Assets has been or is being used in any manner associated with the production, manufacture, processing, generation, storage, treatment, disposal, management, shipment or transportation of Hazardous Substances and no such Purchased Assets are Contaminated by any Hazardous Substance; (B) there are no underground storage tanks regulated pursuant to RCRAss. 9001 (42 U.S.C. ss. 6991) or equivalent authorized state program, and no above ground storage tanks, located at, on, in or under the Purchased Assets; (C) there is no asbestos-containing material in any form or condition located at, on, in or under the Purchased Assets; (D) there are no materials or equipment containing polychlorinated biphenyls located at, on, in or under the Purchased Assets, (E) there are no landfills or other areas located at, on, in or under the Purchased Assets where Hazardous Substances have been disposed, and (F) neither PCC nor any Asset Sale Company has disposed of any Hazardous Substance at any offsite disposal area located on the property of any other Person, other than a facility permitted by any Governmental Authority with jurisdiction to receive such Hazardous Substance.
- (e) No Asset Sale Company has, with respect to the Purchased Assets, either expressly or by operation of Law, assumed or undertaken any Liability, including without limitation, any Liability for corrective or remedial action, of any other Person relating to any Environmental Laws.
- (f) To the Knowledge of PCC, no conditions existing as of the Closing Date and relating to the Purchased Assets or the activities of the Asset Sale Companies or any of their respective predecessors or Affiliates will prevent or materially hinder Buyer's compliance with Environmental Laws, require Buyer to undertake any investigatory, remedial or corrective actions pursuant to Environmental Laws or impose upon Buyer any other Liabilities pursuant to Environmental Laws, including without limitation, any Environmental Laws relating to onsite or offsite releases or threatened releases of Hazardous Substances or imposing Liability for personal injury, property damage or natural resource damage.

3.7. Contracts.

- (a) PCC has made available to Buyer copies of all of the written Contracts, or a written summary setting forth the terms and conditions where no copies exist, including all amendments, modifications, waivers and elections applicable thereto.
- (b) As to the Asset Sale Companies party thereto: (i) the Contracts are valid and binding, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights), and are in full force and effect; (ii) the consummation of the transactions contemplated herein will not, with or without the giving of notice or the passage of time, or both, conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under the Contracts; (iii) no Asset Sale Company, nor to the Knowledge of PCC, any other party is in material breach or default, and no event has occurred that, with notice or lapse of time, would constitute a breach or default, or permit termination, modification or acceleration, under the Contracts; and (iv) no Asset Sale Company, nor to the Knowledge of PCC, any other party has repudiated any provision of the Contracts.
- (c) Schedule 3.7(c) sets forth the consents and approvals of third parties and Governmental Authorities required to be obtained as a result of the transactions contemplated by this Agreement.

3.8. Litigation; Claims.

- (a) Schedules 3.5(c), 3.6 and 3.8 list all claims, legal actions, suits, litigation, arbitrations, disputes, investigations, proceedings by or before any Governmental Authority involving more than \$100,000 and all orders, decrees or judgments, now pending or in effect, or, to the knowledge of PCC, threatened or contemplated, against or affecting the Asset Sale Companies, the Purchased Assets, or the consummation of the transactions contemplated by this Agreement, except to the extent involving Taxes for Pre-Closing Periods.
- (b) There are no existing claims by or disputes involving more than \$100,000 with Persons owning or occupying lands or realty adjoining or near any of the Real Property regarding Mining Activities, if any, by the Asset Sale Companies or regarding the location of boundary lines, encroachments, mineral rights, subsidence, water quantity or quality, blasting damage, transportation of coal or other materials, nuisances or any other similar matter.

3.9. No Broker.

None of the Asset Sale Companies, PCC or the PCC Parent has had any dealings, negotiations or communications with or retained any broker or other intermediary in connection with the transactions contemplated by this Agreement and none of the foregoing is committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby, other than Rothschild Inc., who shall be compensated solely by PCC or an Affiliate of PCC.

3.10. Restrictions on Business Activities.

Except for this Agreement, there is no agreement, judgment, injunction, order or decree binding upon PCC or any of the Asset Sale Companies that has or would reasonably be expected to have the effect of prohibiting the conduct of the Business.

3.11. Powers of Attorney.

There are no outstanding powers of attorney executed on behalf of any of the Asset Sale Companies affecting the Purchased Assets.

3.12. Transactions With Affiliates.

The Contracts do not include any Liability between any Asset Sale Company and any Affiliate of such Asset Sale Company. At the Closing, the Purchased Assets will not include any receivable or other Liability from an Affiliate of any Asset Sale Company.

3.13. Absence of Certain Payments.

During the five (5) year period prior to the date of this Agreement, to the Knowledge of PCC, none of the Asset Sale Companies have (nor has any director, officer, agent, or employee of any Asset Sale Company nor any other person, acting on behalf of any Asset Sale Company) directly or indirectly: used any of such company's funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from such company's funds; violated any provision of the Foreign Corrupt Practices Act of 1977 applicable to such company; established or maintained any unlawful or unrecorded fund of such company's monies or other assets; made any false or fictitious entry on the books or records of such company; or made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment, to any person or entity, private or public, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions for such company, or to pay for favorable treatment for business secured or for special concessions already obtained for such company.

3.14. Disclosure.

The representations and warranties contained in this Article III do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article III not misleading. ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to PCC that:

4.1. Organization.

Buyer is a duly formed limited liability company, validly existing and in good standing under the Laws of the State of Delaware.

4.2. Execution, Delivery and Performance.

The execution, delivery and performance of this Agreement and each other agreement or instrument executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both, (i) conflict with, or result in a violation or breach of, or a default, right to accelerate or loss of rights under, or result in the creation of any Lien, under or pursuant to, any provision of Buyer's organizational documents or of any franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding, any Law, or any finding, order, judgment, writ, injunction or decree to which Buyer is a party or by which Buyer or its respective assets may be bound or affected; or (ii) require the approval, consent or authorization of, or prior notice to, filing with or registration with, any Governmental Authority, or any other Person or entity.

4.3. Authorization.

Buyer has full power and authority to enter into and deliver this Agreement, and each other agreement or instrument (to which it is a party) executed in connection herewith or delivered pursuant hereto and to perform its obligations hereunder and thereunder. Buyer's execution, delivery and performance of this Agreement and all other agreements and instruments executed in connection herewith or delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite action. This Agreement and all other agreements or instruments executed by Buyer in connection herewith or delivered by Buyer pursuant hereto have been duly executed and delivered by Buyer and this Agreement and all other agreements and instruments executed by Buyer in connection herewith or delivered by Buyer pursuant hereto constitute Buyer's legal, valid and binding obligation, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

4.4. No Broker.

Buyer has had no dealings, negotiations or communications with any broker or other intermediary in connection with the transactions contemplated by this Agreement nor is it committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby.

4.5. Reclamation and Environmental Compliance.

Buyer and all operators it owns or controls are in compliance with all Environmental Laws and Reclamation Laws in all material respects, and are not "permit blocked" under the Applicant Violator System administered by the Department of the Interior.

4.6. Financing.

Buyer will have available to it, at the Closing, financial resources sufficient to consummate the transactions contemplated by this Agreement.

4.7. Disclosure.

The representations and warranties contained in this Article IV do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article IV not misleading.

ARTICLE V CERTAIN COVENANTS

5.1. Business in Ordinary Course.

Except as provided in this Agreement, between the date of this Agreement and the Closing, PCC shall cause each of the Asset Sale Companies, in relation to the Purchased Assets, to: (i) carry on its business in the Ordinary Course of Business; (ii) use commercially reasonable efforts to preserve intact its Business, current business organization and properties until the Closing Date, and maintain the relations and good will with its suppliers, customers, landlords, creditors, agents, and others having business relationships with such Asset Sale Company; (iii) not enter into any contract or other obligation binding upon such Asset Sale Company involving an expenditure, purchase, sale, cost or commitment (unless such contract is cancelable in thirty or fewer days, involves less than \$100,000, or is for consumable purchases) without the prior written consent of Buyer; and (iv) report regularly to Buyer concerning the status of the business and finances of such Asset Sale Company.

5.2. Compliance with Law.

Between the date of this Agreement and the Closing, each of the Asset Sale Companies shall comply in all material respects with all Laws and with all orders of any Governmental Authority.

5.3. Cooperation.

Subject to the terms and conditions herein provided, each of PCC and Buyer agrees to use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper and advisable under Law, to consummate and make effective the transactions contemplated by this Agreement. In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, PCC and Buyer will, and PCC will cause the Asset Sale Companies to, execute any additional instruments reasonably necessary to consummate the transactions contemplated hereby.

5.4. Notices and Consents.

PCC and Buyer each will use their commercially reasonable efforts to obtain consents of all Governmental Authorities and other third parties necessary to the consummation of the transactions contemplated by this Agreement. PCC shall have responsibility for providing any notices to third parties that may be required by the transactions contemplated by this Agreement and for obtaining, or causing to be obtained, at its sole cost and expense, the consents listed on Schedule 5.4(a) and Buyer shall have responsibility for obtaining, at its sole cost and expense, all consents listed on Schedule 5.4(b), with the other party in each case using its commercially reasonable efforts to assist the responsible party in obtaining such consents.

5.5. Publicity.

All general notices, releases, statements and communications to any suppliers, distributors and customers of the Asset Sale Companies, to the general public and to the press relating to the transactions contemplated by this Agreement shall be made only at such times and in such manner as may be mutually agreed upon by PCC and Buyer; provided, however, that either party hereto (or, in the case of PCC, the PCC Parent) shall be entitled to make a public announcement of the foregoing if: (a) in the opinion of its legal counsel, such announcement is required to comply with Law or any listing agreement with any national securities exchange or inter-dealer quotation system; and (b) such disclosing party gives a reasonable period of notice and opportunity to comment to the other party hereto of its intention to make such public announcement; provided, that, failure to comment within 24 hours of receipt of such notice shall be deemed a waiver of the opportunity to comment and provided, further, that nothing in this Section 5.5 shall operate to prohibit any Asset Sale Company or Buyer from communicating, after the Closing Date, with their respective suppliers, distributors, customers and Governmental Authorities the fact that the transaction has occurred or to employees regarding their employment or the terms and conditions thereof, the operation of the Purchased Assets or matters necessarily related thereto.

5.6. Replacement Bonds; Insurance and Guarantees; Other Filings.

At or prior to the Closing Date, Buyer shall have: (i) secured replacement bonds, replacement sureties, guarantees or other financial security, if applicable, sufficient to allow PCC and the Persons who will be its Affiliates after the Closing Date to be relieved or released as of the Closing Date from all financial commitments, guarantees, collateral agreements or similar undertakings listed on Schedule 5.6; (ii) obtained property and liability insurance customary for a company that is engaged in the Business or a business similar to the Business to insure the Purchased Assets; and (iii) delivered copies of such documents to PCC.

5.7. Exclusivity.

PCC will not (nor will it cause or permit any of the Asset Sale Companies to) (i) solicit, initiate or encourage the submission of any proposal or offer from any Person relating directly or indirectly to the acquisition of the Purchased Assets, or any portion thereof, or (ii) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any Person to do or seek any of the foregoing. PCC will notify Buyer immediately if any Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing.

5.8. Access.

At or prior to the Closing Date, PCC will permit (and will cause each of the Asset Sale Companies to permit) representatives of Buyer to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, to all premises, properties, personnel, books, records (including Tax records), contracts and documents of or pertaining to each of the Asset Sale Companies as related to the Purchased Assets. Copies of and access to accounting records, ledgers and other pertinent documents or work papers related to the Purchased Assets will be made available to Buyer at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, upon request.

5.9. Notice of Developments.

Each party will give prompt written notice to the other party of any material adverse development causing a breach of any of its own representations and warranties in Article III and Article IV above. No disclosure by any party pursuant to this Section 5.9, however, shall be deemed to amend or supplement the Schedules to such representations and warranties or to prevent or cure any misrepresentation, breach of warranty or breach of covenant.

5.10. Further Assurances.

The parties shall cooperate in a commercially reasonable manner with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated.

ARTICLE VI CONDITIONS PRECEDENT TO CLOSING

6.1. Conditions Precedent to Each Party's Obligations.

The respective obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

(a) no action, suit, proceeding, order, decree or injunction shall have been commenced, threatened or entered by or before any Governmental Authority that remains in force and that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business on or after the Closing Date;

(b) PCC Parent, PCC, Buyer and Buyer's Ultimate Parent shall have executed and delivered to each other party thereto the Administrative Services Agreement, the Indemnification and Guaranty Agreement and any other documentation required in all transactions contemplated or covered by all such agreements, all in form and substance as set forth in Exhibits A and F attached hereto and the same shall be in full force and effect;

(c) all other transactions pursuant to which Buyer or any of its Affiliates acquire assets related to the Business shall have been consummated prior to or simultaneously with the transactions contemplated by this Agreement;

(d) PCC and Buyer shall have executed and delivered to each other all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement, including the documents provided in Section 5.6 hereof; and

(e) PCC shall have obtained, or caused to have been obtained, the consents listed in Schedule 6.1(e)(i) and PCC shall have provided such payments as may be reasonably required to obtain all such consents. Buyer shall have obtained, or caused to have been obtained, the consents listed in Schedule 6.1(e)(ii) and Buyer shall have provided such payments, guarantees and/or assurances as may be reasonably required to obtain all such consents.

6.2. Conditions Precedent to Obligations of Buyer.

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

(a) all of the representations and warranties of PCC set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality (whether by reference to "Material Adverse Effect" or otherwise), shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be true and correct does not have a Material Adverse Effect; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and Buyer shall have received the PCC Closing Certificate required by Section 6.2(g) below dated as of the Closing Date executed by PCC to such effect;

(b) all of the covenants and obligations that PCC is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;

(c) all proceedings and actions, corporate or other, to be taken by PCC or the Asset Sale Companies in connection with the transactions contemplated by this Agreement and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to Buyer and Buyer's counsel;

(d) PCC shall have, and shall have caused the Asset Sale Companies to have, executed and delivered the Bills of Sale, the Assignment and Assumption Agreements, the Conveyance Deeds and such other documents as may be necessary to convey to Buyer the Purchased Assets;

(e) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;

(f) Buyer shall have received an opinion of counsel to PCC addressed to Buyer substantially in the form of Exhibit H; and

(g) Buyer shall have received an executed copy of the PCC Closing Certificate.

6.3. Conditions Precedent to Obligations of PCC.

The obligation of PCC to consummate and cause the consummation of the transactions contemplated by this Agreement is subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

(a) all of the representations and warranties of Buyer set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality, shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be true and correct does not have a material adverse effect on Buyer's ability to consummate the transactions contemplated by this Agreement or fulfill its post-Closing obligations hereunder; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and PCC shall have received Buyer's Closing Certificate required by Section 6.3(j) below dated as of the Closing Date executed by Buyer to such effect;

(b) all of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;

(c) all proceedings and actions, corporate or other, to be taken by Buyer in connection with the transactions contemplated by this Agreement, and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to PCC and its counsel;

(d) PCC shall have received, on behalf of the Asset Sale Companies, the Purchase Price by wire transfer of cash or other immediately available funds and the execution and delivery by Buyer of the Royalty Agreement;

(e) Buyer and Buyer's third-party lenders shall have executed and delivered the Intercreditor Agreement;

(f) Buyer shall have executed and delivered the Assignment and Assumption Agreements and such other documents as may be necessary for Buyer to assume all of the Assumed Liabilities;

(g) Buyer shall have delivered to PCC satisfactory evidence of compliance with Section 5.6;

(h) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;

(i) PCC shall have received an opinion of counsel to Buyer addressed to PCC substantially in the form of Exhibit I; and

(j) PCC shall have received an executed copy of Buyer's Closing Certificate.

ARTICLE VII
CERTAIN TAX MATTERS

7.1. Property Taxes.

Property Taxes of the Asset Sale Companies with respect to the Purchased Assets (including, without limitation, property Taxes payable as a tenant or lessee under any lease) will be pro-rated as of the Closing Date and, notwithstanding any other provision of this Agreement, the economic burden of any such property Tax will be borne by (i) the Asset Sale Companies for all Pre-Closing Periods and the portion of any Straddle Period through the Closing Date and (ii) by Buyer for all Post-Closing Periods and the portion of any Straddle Period after the Closing Date. Accordingly, notwithstanding any other provision of this Agreement, (i) if any Asset Sale Company pays such a property Tax with respect to a Post-Closing Period or the portion of Straddle Period after the Closing Date, Buyer will reimburse PCC on behalf of such Asset Sale Company within 15 days after receiving from PCC written demand for the amount of such property Tax, and (ii) if Buyer pays such a property Tax with respect to a Pre-Closing Period or the portion of a Straddle Period through the Closing Date, PCC on behalf of the Asset Sale Companies will reimburse Buyer within 15 days after receiving from Buyer written demand for the amount of such property Tax. For purposes of pro-rating property Taxes, the amount of any property Tax attributable to the portion of a Straddle Period through the Closing Date shall be deemed to be the amount of such property Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the Straddle Period through the Closing Date and the denominator of which is the number of days in the entire Straddle Period. In determining the Straddle Period for property Taxes, the Tax period as reflected on the statement of Taxes due, property Tax bill, property "tax ticket," or any other request for payment from a Governmental Authority will determine the taxable period (e.g., a Virginia property Tax bill that indicates the tax year as 2002 is for a Tax for the taxable period January 1, 2002 through December 31, 2002).

7.2. Sales and Use Taxes.

Buyer and PCC or the Asset Sale Companies hereby intend that the transaction be an occasional sale within the meaning of Virginia Code Section 58.1-602 and regulations thereunder, and therefore exempt from Virginia sales and use Tax pursuant to Virginia Code Section 58.1-609. PCC will be responsible for sales and use Taxes payable as a result of the failure of this transaction to qualify as an occasional sale or as an exempt transaction under any other Virginia law; provided, however, that any use Tax payable as a result of this transaction that would be payable regardless of whether the transaction qualifies as an occasional sale or not shall be paid by Buyer.

7.3. Transfer Taxes.

All transfer, recording and similar Taxes arising in connection with the transactions contemplated hereunder shall be borne equally by PCC and Buyer. PCC and Buyer shall (and they shall cause their respective Affiliates to) cooperate to comply with all Tax Return requirements for such Taxes and provide such documentation and take such other actions as may be necessary to minimize the amount of any such Taxes.

7.4. Access for Tax Returns.

Following the Closing Date, Buyer shall, at reasonable times, and in a manner so as not to interfere with normal business operations, allow PCC (and if requested by PCC, representatives of federal, state or local agencies) access to the Purchased Assets for purposes of reviewing information pertinent to any Tax Return filed by PCC Parent or any of its Affiliates, including the Asset Sale Companies.

ARTICLE VIII
TERMINATION

8.1. Termination.

This Agreement may be terminated prior to the Closing Date only as follows:

(a) by mutual written consent of PCC and Buyer;

(b) by either PCC or Buyer, if the Closing Date shall not have occurred prior to the close of business on December 31, 2002 or such later date as the parties may agree in writing (provided, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause, in whole or in part, of, or has resulted in, the failure of the conditions in Article VI to be satisfied and the Closing Date to occur on or before such date);

(c) by PCC or Buyer if an action, suit, or proceeding, shall have been commenced or threatened by or before any Governmental Authority, or any order, decree or injunction shall have been entered therein, that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business;

(d) by Buyer if (i) the representations of PCC contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure; or (ii) PCC has failed to comply materially with its respective obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure;

(e) by PCC if (i) the representations of Buyer contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from PCC to Buyer of such failure; or (ii) Buyer has failed to comply materially with its obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from the PCC to Buyer of such failure; or

(f) by PCC, if by November 25, 2002, Buyer has not obtained approval by its third party lenders of the Conveyance Deeds, Royalty Agreement and Intercreditor Agreement with such terms as are reasonably acceptable to PCC.

8.2. Effect of Termination.

If this Agreement is terminated pursuant to Section 8.1 hereof, all further obligations of the parties under or pursuant to this Agreement shall terminate without further Liability of either party to the other except: (a) as set forth in Section 9.4; and (b) for breaches of representations, warranties, or covenants or for fraud. PCC and Buyer hereby agree that the provisions of this Section 8.2 and of Section 9.4 shall survive any termination of this Agreement pursuant to the provisions of this Article VIII.

ARTICLE IX MISCELLANEOUS

9.1. Entire Agreement.

This Agreement, the documents referred to herein and to be delivered pursuant hereto and any other agreement entered into contemporaneously with this Agreement among PCC, PCC Parent, Buyer and Buyer's Ultimate Parent or the Affiliates of any of them constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein or therein.

9.2. Amendment.

This Agreement may be amended by an instrument in writing and signed on behalf of all of the parties hereto at any time.

9.3. Extension; Waiver.

At any time prior to the Closing Date, the parties may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document, certificate or writing delivered pursuant hereto or (iii) waive compliance with any of the agreements or conditions contained herein, other than the conditions contained in Section 6.1(a) hereof as it relates to the entry of an order in any proceeding by or before a Governmental Authority. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in an instrument in writing and signed on behalf of such party.

9.4. Expenses.

Whether or not the transactions contemplated by this Agreement are consummated, each of the parties hereto shall pay the fees and expenses of their respective counsel, investment bankers, financial advisors, accountants and other experts and the other expenses incident to the negotiation and preparation of this Agreement and consummation of the transactions contemplated hereby.

9.5. Bulk Sales Waiver.

Buyer hereby waives compliance with all applicable bulk sales Laws.

9.6. Governing Law.

This Agreement shall be construed and interpreted according to the Laws of the Commonwealth of Virginia, without regard to the conflicts of Law rules thereof.

And a copy to: Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

If to Buyer: Alpha Land and Reserves, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

With a copy to: First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

9.9. Counterparts; Headings.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. The Table of Contents and Article and Section headings in this Agreement are inserted for convenience of reference only and shall not constitute a part hereof.

9.10. Interpretation; Construction.

(a) Unless the context requires otherwise, all words used in this Agreement in the singular number shall extend to and include the plural, all words in the plural number shall extend to and include the singular and all words in any gender shall extend to and include all genders.

(b) This Agreement has been fully negotiated by the parties hereto and shall not be construed by any Governmental Authority against either party as the drafting party.

9.11. Severability.

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

9.12. No Reliance.

No third party is entitled to rely on any of the representations, warranties and agreements contained in this Agreement and PCC and Buyer assume no Liability to any third party because of any reliance on the representations, warranties and agreements of PCC and Buyer contained in this Agreement, other than Section 5.5 hereof, which is intended to be for the benefit of the Persons expressly covered thereby and may be enforced by such Persons.

9.13. Retention of and Access to Records.

After the Closing Date, Buyer shall retain for a period consistent with Buyer's record retention policies and practices those books and records relating to the Asset Sale Companies delivered to Buyer. Buyer also shall provide to PCC and its Affiliates reasonable access thereto, during normal business hours and on at least three days' prior written notice, to enable them to prepare financial statements or Tax Returns or deal with Tax audits or litigation. Buyer shall deliver to PCC at least thirty days written notice prior to the destruction or other disposal of any such books and records. PCC and its Affiliates may elect to take delivery of any such books and records that Buyer intends to destroy or otherwise dispose of and to copy any such books and records that Buyer intends to keep, all at their own expense.

9.14. Arbitration.

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute"), excluding any dispute or disagreement among the parties concerning the allocation of Purchase Price and Assumed Liabilities, which shall be resolved pursuant to Section 2.9, shall be decided by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to select an arbitrator within fourteen calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Section 9.14 shall be the exclusive means to resolve all Disputes.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown

Title: Vice President - Development and
Technical Resources

ALPHA LAND AND RESERVES, LLC

By: /s/ Eddie Neely

Name: Eddie Neely

Title: Vice President

SCHEDULE 1.4

ASSET SALE COMPANIES

Clinchfield Coal Company, a Virginia corporation

Pyxis Resources Company, a Virginia corporation

Paramont Coal Corporation, a Delaware corporation

Motivation Coal Company, a Virginia corporation

PITTSTON COAL COMPANY
448 N. E. Main Street
Lebanon, Virginia 24266

December 13, 2002

Alpha Land and Reserves, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212

Ladies and Gentlemen:

Reference is made to the Asset Purchase Agreement (the "Agreement"), dated as of October 29, 2002, as amended to but not including the date hereof, by and between Pittston Coal Company ("PCC") and Alpha Land and Reserves, LLC ("Buyer"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Agreement.

PCC and Buyer desire to amend certain provisions of the Agreement and, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The condition precedent to the obligations of PCC to consummate and cause the consummation of the transactions contemplated by the Agreement contained in Section 6.3(e) of the Agreement has been satisfied by the agreement of the parties to the form of Intercreditor Agreement attached to the Royalty Agreement as executed by the parties thereto on December 13, 2002.
2. The Schedules to the Agreement are hereby amended and restated in their entirety as attached hereto as Exhibit A.
3. Except as amended by this letter agreement, the Agreement shall continue in full force and effect.
4. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any executed counterpart of this letter agreement or other signature hereto delivered by a party by facsimile shall be deemed for all purposes as being good and valid execution and delivery of this letter agreement by such party.

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Sincerely,

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development
and Technical Resources

ACKNOWLEDGED AND AGREED:

ALPHA LAND AND RESERVES, LLC

By: /s/ Eddie Neely

Name: Eddie Neely
Title: Vice President

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INDEMNIFICATION AND GUARANTY AGREEMENT

INDEMNIFICATION AND GUARANTY AGREEMENT, dated as of December 13, 2002, by and among PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), THE PITTSTON COMPANY, a Virginia corporation ("Pittston"), ALPHA NATURAL RESOURCES, LLC, a Delaware limited liability company ("Buyer's Ultimate Parent") and ALPHA LAND AND RESERVES, LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, Buyer and PCC have entered into an asset purchase agreement dated October 29, 2002 (such agreement, together with the Exhibits and Schedules attached thereto, as the same may be amended from time to time in accordance with the terms thereof, being hereinafter referred to as the "Acquisition Agreement"), pursuant to which Buyer will purchase or acquire from PCC and certain of its Affiliates certain assets, and assume certain liabilities, all upon the terms and subject to the conditions set forth in the Acquisition Agreement;

WHEREAS, PCC and Buyer desire to provide for the terms upon which they will indemnify each other with respect to certain matters relating to the transactions contemplated by the Acquisition Agreement;

WHEREAS, Pittston owns, indirectly, all of the outstanding capital stock of PCC and, as an inducement to Buyer to enter into the Acquisition Agreement, has agreed to guarantee the obligations of PCC and certain of PCC's Affiliates under this Agreement and the Acquisition Agreement; and

WHEREAS, Buyer's Ultimate Parent owns, indirectly, all of the outstanding membership interests of Buyer and, as an inducement to PCC to enter into the Acquisition Agreement, has agreed to guarantee the obligations of Buyer under

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this Agreement and the Acquisition Agreement;

NOW, THEREFORE, in consideration of the premises and mutual agreements, covenants and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified below. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings specified in the Acquisition Agreement.

1.1. Acquisition Agreement.

"Acquisition Agreement" shall have the meaning set forth in the Recitals to this Agreement.

1.2. Adverse Consequences.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

1.3. Basket.

"Basket" shall have the meaning set forth in Section 2.1(b)(i) hereof.

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1.4. Buyer.

"Buyer" shall have the meaning set forth in the preamble to this Agreement.

1.5. Buyer Indemnified Persons.

"Buyer Indemnified Persons" shall mean Buyer, its Affiliates (including, after Closing, one or more Buyer Affiliates formed to hold the Virginia coal operations of PCC acquired pursuant to the Acquisition Agreement), and their respective members, directors, officers, employees, consultants, agents, attorneys and representatives.

1.6. Buyer's Ultimate Parent.

"Buyer's Ultimate Parent" shall have the meaning set forth in the preamble to this Agreement.

1.7. Buyer's Ultimate Parent Guaranty.

"Buyer's Ultimate Parent Guaranty" shall have the meaning set forth in Section 3.2 hereof.

1.8. Claim Notice.

"Claim Notice" shall have the meaning set forth in Section 2.3(b) hereof.

1.9. Dispute.

"Dispute" shall have the meaning set forth in Article VII hereof.

1.10. Indemnified Party.

"Indemnified Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.11. Indemnifying Party.

"Indemnifying Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.12. Other Acquisition Agreements.

"Other Acquisition Agreements" shall mean the agreements set forth on Schedule A attached hereto.

1.13. Other Indemnification Agreements.

"Other Indemnification Agreements" shall mean the agreements set forth on Schedule B attached hereto.

1.14. PCC.

"PCC" shall have the meaning set forth in the preamble to this Agreement.

1.15. Pittston.

"Pittston" shall have the meaning set forth in the preamble to this Agreement.

1.16. Pittston Guaranty.

"Pittston Guaranty" shall have the meaning set forth in Section 3.1 hereof.

1.17. Pittston Indemnified Persons.

"Pittston Indemnified Persons" shall mean Pittston, PCC, the Asset Sale Companies and their respective directors, officers, employees, agents, stockholders and their respective Affiliates, and their respective directors, officers, employees, consultants, agents, attorneys and representatives.

ARTICLE II
INDEMNIFICATION

2.1. Indemnification by PCC.

- (a) PCC agrees to indemnify and hold harmless Buyer Indemnified Persons from and against, and reimburse them for, any and all Adverse Consequences that any Buyer Indemnified Persons may suffer or incur or become subject to as a result of:
 - (i) the inaccuracy or breach of any representation or warranty made by PCC to Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with the terms shall not be deemed without more to have caused a breach of any representation or warranty);
 - (ii) any failure by PCC to carry out, perform, satisfy or discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement (other than Article VII thereof);
 - (iii) any failure by PCC to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under Article VII of the Acquisition Agreement; and
 - (iv) any failure by PCC or the Asset Sale Companies to satisfy the Retained Liabilities.
- (b) Notwithstanding the provisions of Section 2.1(a), PCC shall not be required to indemnify any of Buyer Indemnified Persons with respect to the matters described in Sections 2.1(a)(i) and 2.1(a)(ii):

- (i) unless and until the sum of (A) the Adverse Consequences for which indemnification pursuant to (1) Sections 2.1(a)(i) and 2.1(a)(ii) or (2) in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by Buyer to obtain any of the consents listed on Schedule 6.1(e)(i) of the Acquisition Agreement or in Schedule 6.1(e)(i) of the Other Acquisition Agreements shall exceed \$100,000 (the "Basket"), in which case the entire amount of such Adverse Consequences is recoverable;
 - (ii) unless the right to indemnity is asserted pursuant to Section 2.3, (i) on or before the fifth anniversary of the Closing Date for any breach of PCC's representations specified in Section 3.6 of the Acquisition Agreement and (ii) on or before the second anniversary of the Closing Date for any other matter described in Sections 2.1(a)(i) or 2.1(a)(ii); and
 - (iii) for any matter, to the extent that the aggregate amount of the Adverse Consequences for which Buyer Indemnified Persons have been indemnified pursuant to Sections 2.1(a)(i) and 2.1(a)(ii) or in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements exceeds \$15,000,000 (the "Cap").
- (c) Notwithstanding the foregoing, PCC agrees that any claim by a Buyer Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of PCC's representations specified in Sections 3.1, 3.2, 3.3, and 3.9 of the Acquisition Agreement or (ii) pursuant to Sections 2.1(a)(iii) and 2.1(a)(iv), shall not be subject to the provisions of paragraph (b) of this Section 2.1.

- (d) PCC agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Buyer Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Buyer Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.2. Indemnification by Buyer.

- (a) Buyer agrees to indemnify and hold harmless Pittston Indemnified Persons from and against and reimburse them for, any and all Adverse Consequences that any Pittston Indemnified Persons may suffer or incur or become subject to as a result of:
 - (i) the inaccuracy or breach of any representation or warranty made by Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with its terms shall not be deemed without more to have caused a breach of any representation or warranty);
 - (ii) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement (other than Article VII thereof);
 - (iii) the ownership of the Purchased Assets on or after the Closing Date;

- (iv) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under Article VII of the Acquisition Agreement, excluding the Retained Liabilities;
 - (v) any liability that any Pittston Indemnified Person may suffer or incur or become subject to because of any actions it takes pursuant to the Administrative Services Agreement; provided, however, that this Section 2.2(a)(v) shall not apply to any liability resulting from or arising out of any Pittston Indemnified Person's conduct in bad faith or willful misconduct; and
 - (vi) any failure by Buyer to satisfy the Assumed Liabilities.
- (b) The foregoing notwithstanding, Buyer shall not be required to indemnify any Pittston Indemnified Persons with respect to the matters described in Sections 2.2(a)(i) and 2.2(a)(ii):
- (i) unless and until the sum of (A) Adverse Consequences for which indemnification pursuant to (1) Sections 2.2(a)(i) and 2.2(a)(ii) or (2) in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by PCC to obtain any of the consents listed on Schedule 6.1(e)(ii) of the Acquisition Agreement or in Schedule 6.1(e)(ii) of the Other Acquisition Agreements shall exceed the Basket, in which case the entire amount of such Adverse Consequences is recoverable;
 - (ii) unless the right to indemnity is asserted on or before the second anniversary of the Closing Date pursuant to Section 2.3; and

(iii) for any matter, to the extent that the aggregate amount of Adverse Consequences for which the Pittston Indemnified Persons have been indemnified pursuant to Sections 2.2(a)(i) and 2.2(a)(ii) or in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements exceeds the Cap.

- (c) Notwithstanding the foregoing, Buyer agrees that any claim by a Pittston Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of Buyer's representations specified in Sections 4.1, 4.2, 4.3 and 4.4 of the Acquisition Agreement or (ii) pursuant to Sections 2.2(a)(iii) through 2.2(a)(vi), shall not be subject to the provisions of paragraph (b) of this Section 2.2.
- (d) Notwithstanding the foregoing, nothing in Section 2.2(a)(iii) shall diminish the right of any Buyer Indemnified Person to seek indemnification from PCC after the Closing Date pursuant to the terms of this Agreement.
- (e) Buyer agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Pittston Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Pittston Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.3. Indemnification Procedures.

- (a) All claims for indemnification under this Agreement shall be asserted and resolved pursuant to this Section 2.3.

- (b) Each party entitled to indemnification under this Agreement (the "Indemnified Party") shall give notice (a "Claim Notice") to the party required to provide such indemnification (the "Indemnifying Party") promptly after such Indemnified Party has notice of any Adverse Consequence which may give rise to a claim for indemnification against the other party under this Agreement, provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced. The Indemnified Party shall not be required to commence litigation or take any action against any third party prior to delivery of the Claim Notice.
- (c) The Indemnifying Party will have the right (at its expense) to assume the investigation and/or defense of any Adverse Consequence or any litigation resulting therefrom so long as (i) the Indemnifying Party notifies the Indemnified Party in writing (within 20 days after the Indemnified Party has given the Claim Notice) that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of the Adverse Consequence, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend, and otherwise indemnify for, the Adverse Consequence and fulfill its indemnification obligations hereunder and (iii) the Adverse Consequence involves only money damages and does not seek an injunction or other equitable relief.
- (d) So long as the Indemnifying Party is conducting the defense of the Adverse Consequence in accordance with Section 2.3(c), (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Adverse Consequence, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect

to the Adverse Consequence without the prior written consent of the Indemnifying Party (not to be withheld unreasonably), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnified Party; provided, that the Indemnifying Party may consent to such judgment or enter into such settlement without the prior written consent of the Indemnified Party so long as an unconditional term of any such judgment or settlement includes the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability with respect to such Adverse Consequence.

- (e) In the event any of the conditions in Section 2.3(c) is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Adverse Consequence in any manner it may reasonably deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Adverse Consequence (including reasonable attorneys' fees and expenses), and (C) the Indemnifying Parties will remain responsible for any Adverse Consequence the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of or caused by the Adverse Consequence to the fullest extent provided in this Agreement.

2.4. Insurance Proceeds.

The amount of any indemnification payable in connection with any transaction contemplated by this Agreement or the Acquisition Agreement shall be net of any insurance proceeds available, under any insurance policies in effect at the time that are maintained in the Ordinary Course of Business, to a Buyer Indemnified Person or a Pittston Indemnified Person, respectively, in connection

with the events or circumstances giving rise to the indemnification. For purposes of this Section 2.4, any pollution and legal liability insurance policies or an insurance policy covering loss in connection with the representations and warranties contained in the Acquisition Agreement will be deemed not to be maintained in the Ordinary Course of Business.

2.5. Exclusivity of Rights and Procedures.

The parties agree that, except as set forth in Article VII of the Acquisition Agreement or in any Articles titled "Certain Tax Matters" of the Other Acquisition Agreements, this Agreement shall constitute the sole and exclusive remedy of the parties hereto with respect to the subject matters addressed in this Agreement, the Acquisition Agreement and the transactions contemplated by the Acquisition Agreement. Each party to this Agreement hereby waives and releases the other parties from any and all claims and other causes of action, including claims for contribution, related to those subject matters, other than claims (i) pursuant to the terms of this Agreement, (ii) related to the Retained Liabilities (in the case of Buyer Indemnified Persons) or the Assumed Liabilities (in the case of the Pittston Indemnified Persons), (iii) for fraud, and (iv) for injunctive relief.

ARTICLE III GUARANTIES

3.1. Pittston Guaranty.

- (a) Pittston hereby irrevocably and unconditionally guarantees to Buyer (the "Pittston Guaranty") the full and punctual performance and compliance by PCC with each and every covenant, term and condition to be performed or complied with by PCC under this Agreement and the Acquisition Agreement. The Pittston Guaranty expressed in this Section 3.1 is an absolute, present, primary

and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by PCC or upon any other condition or contingency.

- (b) Pittston hereby expressly waives (i) notice of acceptance of the Pittston Guaranty and (ii) any other notice given to PCC in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Pittston hereby authorizes Buyer to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of PCC under the Agreement without notice to or consent by Pittston. Pittston acknowledges and agrees that its liability under the Pittston Guaranty is joint and several with PCC and, upon any default by PCC, Buyer shall not be obligated to first attempt enforcement against PCC. Pittston hereby waives any and all defenses to enforcement of the Pittston Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.
- (c) Pittston represents and warrants to Buyer that (i) Pittston is a corporation validly existing and in good standing under the laws of the Commonwealth of Virginia; (ii) all necessary corporate action has been duly taken by it to authorize the execution, delivery and performance by it of the Pittston Guaranty, (iii) the Pittston Guaranty is being executed on Pittston's behalf by a duly authorized representative, (iv) the Pittston Guaranty is the legally valid and binding obligation of Pittston enforceable in accordance with its terms, and (v) the execution and the delivery of the Pittston Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Pittston's Articles of Incorporation or Bylaws or of any material franchise, mortgage,

deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Pittston is a party or by which Pittston is bound, or any Law or any order, judgment, writ, injunction or decree to which Pittston is a party or by which Pittston may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Pittston or that otherwise relates to the Pittston's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Pittston is subject.

- (d) Pittston agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by Buyer Indemnified Persons in enforcing Pittston's liability to Buyer Indemnified Persons under the Pittston Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.
- (e) The Pittston Guaranty shall be binding upon Pittston and its successors and assigns, and shall inure to the benefit of and be enforceable by Buyer and its successors and assigns. For purposes of the Pittston Guaranty, Pittston shall be deemed to include the surviving entity in any merger or consolidation involving Pittston, which survivor shall be bound by the provisions of the Pittston Guaranty and this Agreement.

3.2. Buyer's Ultimate Parent Guaranty.

- (a) Buyer's Ultimate Parent hereby irrevocably and unconditionally guarantees to PCC (the "Buyer's Ultimate Parent Guaranty") the full and punctual performance and compliance by Buyer with each and every covenant, term and condition to be performed or complied with by Buyer under this Agreement, the Acquisition Agreement, the Promissory Note and the Royalty Agreement. Buyer's Ultimate Parent Guaranty expressed in this Section 3.2 is an absolute, present, primary and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by Buyer or upon any other condition or contingency.
- (b) Buyer's Ultimate Parent hereby expressly waives (i) notice of acceptance of Buyer's Ultimate Parent Guaranty and (ii) any other notice given to Buyer in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Buyer's Ultimate Parent hereby authorizes PCC to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of Buyer under the Agreement without notice to or consent by Buyer's Ultimate Parent. Buyer's Ultimate Parent acknowledges and agrees that its liability under Buyer's Ultimate Parent Guaranty is joint and several with Buyer and, upon any default by Buyer, PCC shall not be obligated to first attempt enforcement against Buyer. Buyer's Ultimate Parent hereby waives any and all defenses to enforcement of Buyer's Ultimate Parent Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.
- (c) Buyer's Ultimate Parent represents and warrants to PCC that (i) Buyer's Ultimate Parent is a limited liability company validly existing and in good standing under the laws of the State of Delaware; (ii) all necessary corporate action has been duly taken

by it to authorize the execution, delivery and performance by it of Buyer's Ultimate Parent Guaranty, (iii) Buyer's Ultimate Parent Guaranty is being executed on Buyer's Ultimate Parent's behalf by a duly authorized representative, (iv) Buyer's Ultimate Parent Guaranty is the legally valid and binding obligation of Buyer's Ultimate Parent enforceable in accordance with its terms, and (v) the execution and the delivery of Buyer's Ultimate Parent Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Buyer's Ultimate Parent's Certificate of Formation, Operating Agreement or other organizational documents or of any material franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Buyer's Ultimate Parent is a party or by which Buyer's Ultimate Parent is bound, or any Law or any order, judgment, writ, injunction or decree to which Buyer's Ultimate Parent is a party or by which Buyer's Ultimate Parent may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Buyer's Ultimate Parent or that otherwise relates to Buyer's Ultimate Parent's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Buyer's Ultimate Parent is subject.

- (d) Buyer's Ultimate Parent agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs,

incurred by the Pittston Indemnified Persons in enforcing Buyer's Ultimate Parent's liability to the Pittston Indemnified Persons under Buyer's Ultimate Parent Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.

- (e) Buyer's Ultimate Parent Guaranty shall be binding upon Buyer's Ultimate Parent and its successors and assigns, and shall inure to the benefit of and be enforceable by PCC and its successors and assigns. For purposes of Buyer's Ultimate Parent Guaranty, Buyer's Ultimate Parent shall be deemed to include the surviving entity in any merger or consolidation involving Buyer's Ultimate Parent, each of whom shall be bound by the provisions of the Buyer's Ultimate Parent Guaranty and this Agreement.

ARTICLE IV SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

ARTICLE V NOTICES

All communications, notices and disclosures required or permitted by this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by messenger or by overnight delivery service, or within five days of being mailed by registered or certified United States mail, postage prepaid, return receipt requested, in all cases addressed to the person for whom it is intended at his address set forth below or to such other address as a party shall have designated by notice in writing to the other parties in the manner provided by this Article V:

if to PCC or Pittston, to them at:

Pittston Coal Company
448 N.E. Main Street
P. O. Box 5100
Lebanon, Virginia 24266
Attention: President

with a copy to:

Pittston Coal Company
c/o The Pittston Company
1801 Bayberry Court
P. O. Box 18100
Richmond, Virginia 23226-8100
Attention: General Counsel

and a copy to:

Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

if to Buyer:

Alpha Land and Reserves, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

if to Buyer's Ultimate Parent, to it at:

Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

ARTICLE VI
ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but this Agreement and the rights, interests or obligations hereunder shall not be assignable by Buyer's Ultimate Parent, Buyer, Pittston or PCC without the prior written consent of the other parties and any attempt to make such an assignment without such consent shall be void and of no effect.

ARTICLE VII
ARBITRATION

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute") shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to designate an arbitrator within fourteen (14) calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke,

Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Article VII shall be the exclusive means to resolve all Disputes.

ARTICLE VIII
MISCELLANEOUS

8.1. Headings.

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

8.2. Integration.

This Agreement and any other agreement entered into contemporaneously with this Agreement among PCC, Pittston, Buyer and Buyer's Ultimate Parent or the Affiliates of any of them constitute the entire agreement and supercede all prior agreements and understandings not reflected in the Acquisition Agreement, both written and oral, among the parties with respect to the subject matter hereof.

8.3. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8.4. Governing Law.

This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the Commonwealth of Virginia, without regard to the conflicts of laws principles thereof.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

ALPHA LAND AND RESERVES, LLC,
a Delaware limited liability company

By:/s/ Eddie Neely

Name: Eddie Neely
Title: Vice President

ALPHA NATURAL RESOURCES, LLC, a Delaware
limited liability company

By:/s/ Michael J. Quillen

Name: Mike Quillen
Title: President

PITTSTON COAL COMPANY,
a Delaware corporation

By:/s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development and
Technical Resources

THE PITTSTON COMPANY,
a Virginia corporation

By:/s/ James B. Hartough

Name: James B. Hartough
Title: Vice President - Corporate Finance
and Treasurer

Schedule A

Asset Purchase Agreement by and between Pittston Coal Company and Dickenson-Russell Coal Company, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Paramont Coal Company Virginia, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Coal Sales Co., LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Terminal Company, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Maxxim Rebuild Co., LLC, dated as of October 29, 2002, as amended.

Schedule B

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Dickenson-Russell Coal Company, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Paramount Coal Company Virginia, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Coal Sales Co., LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Terminal Company, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Maxxim Rebuild Co., LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

PITTSTON COAL COMPANY

AND

ALPHA COAL SALES CO., LLC

October 29, 2002

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SCHEDULES

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of the 29th day of October, 2002, by and between PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), and ALPHA COAL SALES CO., LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, PCC owns, directly or indirectly, all of the outstanding capital stock of the corporations listed on Schedule 1.3 (the "Asset Sale Companies");
WHEREAS, PCC desires to cause to be sold and assigned, and Buyer desires to purchase and assume, certain of the assets and certain of the Liabilities (as hereinafter defined) of the Asset Sale Companies;
WHEREAS, PCC desires to cause the Asset Sale Companies to retain certain assets and certain Liabilities;
NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PCC and Buyer agree that:

ARTICLE I DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified:

1.1. Affiliate.

"Affiliate" shall mean, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Agreement, none of Dominion Terminal Associates or any of its partners, other than Pittston Coal Terminal Corporation, shall be deemed an Affiliate of PCC or any of its Affiliates.

1.2. Agreement.

"Agreement" shall mean this Asset Purchase Agreement, together with the Exhibits and Schedules attached hereto, which are incorporated into this Asset Purchase Agreement by this reference, as the same may be amended from time to time in accordance with the terms hereof.

1.3. Asset Sale Companies.

"Asset Sale Companies" shall have the meaning given to it in the Recitals to this Agreement. The term "Asset Sale Company" shall mean one of the Asset Sale Companies.

1.4. Assignment and Assumption Agreements.

"Assignment and Assumption Agreements" shall mean the assignment and assumption agreements substantially in the form of Exhibit A attached hereto.

1.5. Assumed Liabilities.

"Assumed Liabilities" shall mean the performance of any and all obligations required to be performed under the Contracts by Buyer from and after the Closing other than any Retained Liabilities.

1.6. Business.

"Business" shall mean the coal sale business conducted by the Asset Sale Companies using the Purchased Assets.

1.7. Buyer.

"Buyer" shall have the meaning given to it in the preamble of this Agreement.

1.8. Buyer Closing Certificate.

"Buyer Closing Certificate" shall mean the certificate of Buyer substantially in the form of Exhibit B attached hereto.

1.9. Buyer's Parent.

"Buyer's Parent" shall mean Alpha Natural Resources, LLC, a Delaware limited liability company.

1.10. Closing.

"Closing" shall mean the closing of the transactions contemplated by this Agreement beginning at 10:00 a.m., local time, on the Closing Date, at the offices of Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

1.11. Closing Date.

"Closing Date" shall mean November 30, 2002 or such other date as the parties may mutually agree in writing.

1.12. Coal Act.

"Coal Act" shall mean the Coal Industry Retiree Health Benefit Act of 1992 as amended through the Closing Date (codified at Subtitle J of the Code).

1.13. Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, where appropriate, any predecessor or successor provisions of Law, and all regulations thereunder.

1.14. Contracts.

"Contracts" shall mean the contracts, agreements, relationships and commitments, written or oral, of the Asset Sale Companies listed on Schedule 1.14.

1.15. Dispute.

"Dispute" shall have the meaning set forth in Section 8.14 hereof.

1.16. Governmental Authority.

"Governmental Authority" shall mean any governmental, judicial, legislative, executive, administrative or regulatory authority of the United States, or of any foreign, state or local government or any subdivision, agency, commission, office, authority or bureau thereof or any quasi-governmental entity or authority of any nature.

1.17. Indemnification and Guaranty Agreement.

"Indemnification and Guaranty Agreement" shall mean the agreement by and among PCC Parent, PCC, Buyer and Buyer's Parent substantially in the form of Exhibit C attached hereto.

1.18. Knowledge of PCC.

"Knowledge of PCC" shall mean, for the individuals listed on Schedule 1.18, any such individual's actual knowledge and what any such individual should have known after reasonable inquiry within the scope of that individual's job responsibilities.

1.19. Law.

"Law" and "Laws" shall mean any applicable United States or foreign, federal, state, local or other law or governmental requirement of any kind, and the rules, regulations and orders promulgated thereunder.

1.20. Lien.

"Lien" shall mean any lien, encumbrance, mortgage, charge, claim, restriction, pledge, security interest or imposition of any kind.

1.21. Liability.

"Liability" shall mean any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), including any liability for Taxes. Liabilities shall mean one or more items of Liability.

1.22. Material Adverse Effect.

"Material Adverse Effect" shall mean any event, change or occurrence that individually, or together with any other event, change or occurrence, has a material adverse impact on the Business, taken as a whole, without regard to the duration of such material adverse impact.

1.23. Ordinary Course of Business.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency). 1.24. PCC.

"PCC" shall have the meaning given to it in the preamble to this Agreement.

1.25. PCC Closing Certificate.

"PCC Closing Certificate" shall mean the certificate of PCC substantially in the form of Exhibit D attached hereto.

1.26. PCC Group.

"PCC Group" shall have the meaning given to it in Section 1.34.

1.27. PCC Parent.

"PCC Parent" shall mean The Pittston Company, a Virginia corporation.

1.28. Permitted Liens.

"Permitted Liens" shall mean those Liens affecting the Purchased Assets that are listed on Schedule 1.28.

1.29. Person.

"Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Authority.

1.30. Pre-Closing Periods.

"Pre-Closing Periods" shall mean any taxable period ending on or before the Closing Date.

1.31. Purchase Price.

"Purchase Price" shall mean \$2,000,000.

1.32. Purchased Assets.

"Purchased Assets" shall mean the rights of the Asset Sale Companies with respect to the Contracts, other than the rights to payment for any coal that has been delivered or shipped prior to Closing Date to any customer, whether or not invoiced.

1.33. Related Persons.

"Related Persons" shall mean related persons as that term is defined in Section 9701(c)(2) of the Coal Act, except that it shall not include successors in interest.

1.34. Retained Liabilities.

"Retained Liabilities" shall mean (a) all Liability of each Asset Sale Company for any coal that has been shipped or delivered prior to Closing Date to any customer, whether or not invoiced, (b) (1) all Liabilities, if any, of the Asset Sale Companies and its Related Persons (collectively, the "PCC Group")

under the Coal Act, and (2) all Liabilities, if any, of the PCC Group under any post-Closing amendments to the Coal Act for (i) beneficiaries eligible under the Coal Act who are assigned to a member of the PCC Group or for whom a member of the PCC Group is required to provide or pay for medical benefits pursuant to Sections 9711 or 9712 of the Coal Act or (ii) death benefit premiums or unassigned beneficiary premiums (as those terms are used in Sections 9704(c) and 9704(d) of the Coal Act) for beneficiaries eligible under the Coal Act, that are assessed against any member of the PCC Group; provided, for the avoidance of doubt, that the Liabilities retained pursuant to (b)(1) and (b)(2) above shall not be affected by Buyer or any of its Affiliates being identified under the Coal Act or any post-Closing amendments thereto as a successor, successor in interest or "Related person" under the Coal Act or any post-Closing amendments thereto to any member of the PCC Group solely as a result of Buyer's purchase of the Purchased Assets and (c) all Liabilities under the contracts, agreements, personal and real property leases, relationships and commitments of the Asset Sale Companies listed on Schedule 1.34(c).

1.35. Tax.

"Tax" or "Taxes" mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code ss.59A), custom duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, reclamation fees or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, but shall not include, for purposes of this Agreement only, Liabilities under the Coal Act, of whatever nature and regardless of how denominated.

1.36. Tax Return.

"Tax Return" shall mean any original or amended report, return, declaration, claim for refund, statement, document, schedule, attachment or other information supplied or required to be supplied to a Governmental Authority with respect to Taxes, including any return of an affiliated, combined or unitary group.

ARTICLE II
PURCHASE AND SALE OF ASSETS

2.1. Transfer of Assets.

On the Closing Date, PCC (on behalf of the Asset Sale Companies) shall cause to be sold, conveyed, transferred, assigned, and delivered to Buyer, and Buyer shall acquire, the Purchased Assets. At the Closing, subject to the terms and conditions of this Agreement, PCC agrees to: (i) cause all rights in the Purchased Assets to be transferred and delivered to Buyer; and (ii) perform its obligations under this Agreement to be performed at or before Closing. In full payment for the Purchased Assets, Buyer shall: (i) assume the Assumed Liabilities; (ii) pay to PCC (which shall receive such amounts on behalf of the Asset Sale Companies) the Purchase Price by wire transfer of cash or other immediately available funds; and (iii) perform its obligations under this Agreement to be performed at or before Closing. Buyer shall not assume or have any responsibility with respect to any Liability of PCC Parent, PCC or the Asset Sale Companies that is not an Assumed Liability.

2.2. Assignment and Assumption Agreements and Other Documents.

At the Closing, PCC shall cause each of the Asset Sale Companies to: (i) execute and deliver to Buyer the Assignment and Assumption Agreements and such other documents as may be necessary to convey to Buyer the Purchased Assets; and (ii) perform its obligations under the Agreement to be performed at or before the Closing.

2.3. Assumption of Liabilities.

At the Closing, Buyer shall execute and deliver to PCC the Assignment and Assumption Agreements and such other documents and instruments as may be necessary for Buyer to assume all of the Assumed Liabilities. Buyer shall not assume or have any responsibility, however, with respect to any Liability of PCC Parent, PCC or the Asset Sale Companies that is not an Assumed Liability.

2.4. Proration of Liabilities; Payment Reimbursement.

PCC and Buyer shall cooperate with each other to provide for payments due with respect to the Assumed Liabilities. If, following the Closing, Buyer or any of its post-Closing Affiliates receives any payment in any form with respect to any Asset Sale Company (other than the Purchased Assets) that should have been paid to PCC or its Affiliates, Buyer shall forward, or shall cause such post-Closing Affiliate to forward, such payment to PCC within five business days of receipt. If, following the Closing, PCC or any of its post-Closing Affiliates receives any payment in any form with respect to the Purchased Assets that should have been paid to Buyer or its Affiliates, PCC shall forward, or shall cause such post-Closing Affiliate to forward, such payment to Buyer within five business days of receipt.

2.5. Indemnification and Guaranty Agreement.

At the Closing, PCC, PCC Parent, Buyer's Parent and Buyer shall execute and deliver the Indemnification and Guaranty Agreement.

2.6. Additional Documents.

At the Closing, PCC and Buyer shall, and PCC shall cause the Asset Sale Companies to, execute and deliver all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement, including the documents provided in this Article II.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PCC

PCC hereby represents and warrants to Buyer that the statements contained in this Article III are correct and complete, except as set forth in the Schedules delivered by PCC to Buyer in connection with this Agreement. The Schedules are arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Article III.

3.1. Incorporation.

PCC and each of the Asset Sale Companies are corporations duly organized, validly existing and in good standing under the Laws of the respective state or commonwealth of each such company's incorporation. PCC and each of the Asset Sale Companies that is not a corporation incorporated under the Laws of Virginia are duly qualified or licensed to transact business as a foreign corporation in Virginia and are in good standing under the Laws of Virginia. Set forth on Schedule 3.1 is the name of each state or other jurisdiction in which each such company has either paid taxes or had an office in the three years prior to the date of this Agreement.

3.2. Execution, Delivery and Performance.

The execution, delivery and performance by PCC of this Agreement and by PCC and the applicable Asset Sale Company of each other agreement or instrument to which it is a party executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both: (i) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in

the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of PCC's or any Asset Sale Company's Articles of Incorporation or Bylaws or of any material franchise, mortgage, deed of trust, Lien, lease, license, instrument, agreement, consent, approval, waiver or understanding to which PCC or any Asset Sale Company is a party or by which any Asset Sale Company is bound, or any Law or any order, judgment, writ, injunction or decree to which PCC or any Asset Sale Company is a party or by which PCC, any Asset Sale Company or the Purchased Assets may be bound or affected; (ii) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization issued by a Governmental Authority that is held by PCC or the Asset Sale Companies or that otherwise relates to the Purchased Assets; or (iii) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which PCC or any Asset Sale Company is subject.

3.3. Authorization.

PCC has full power and authority to enter into and deliver this Agreement and to perform its obligations hereunder and each of PCC and the Asset Sale Companies has full power and authority to enter into and deliver each other agreement or instrument to which it is a party executed in connection herewith and delivered pursuant hereto and to perform its obligations thereunder. PCC's execution, delivery and performance of this Agreement and the execution, delivery and performance of all other agreements and instruments by PCC and each of the Asset Sale Companies in connection herewith and delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of PCC and each of the Asset Sale

Companies. This Agreement and all other agreements or instruments executed by PCC or any of the Asset Sale Companies in connection herewith and delivered by PCC or any of the Asset Sale Companies pursuant hereto have been duly executed and delivered by PCC or such Asset Sale Companies and this Agreement and all other agreements and instruments executed by PCC or any of the Asset Sale Companies in connection herewith and delivered by PCC or any of the Asset Sale Companies pursuant hereto constitute the legal, valid and binding obligation of PCC or such Asset Sale Company, as the case may be, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

3.4. Contracts.

- (a) PCC has made available to Buyer copies of all of the written Contracts, or a written summary setting forth the terms and conditions where no copies exist, including all amendments, modifications, waivers and elections applicable thereto.
- (b) As to the Asset Sale Companies party thereto: (i) the Contracts are valid and binding, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights), and are in full force and effect; (ii) the consummation of the transactions contemplated herein will not, with or without the giving of notice or the passage of time, or both, conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under the Contracts; (iii) no Asset Sale Company, nor to the Knowledge of PCC, any other party is in material breach or default, and no event has occurred that, with notice or lapse of time, would constitute a breach or default, or permit termination, modification or acceleration, under the Contracts; and (iv) no Asset Sale Company, nor to the Knowledge of PCC, any other party has repudiated any provision of the Contracts.

(c) Schedule 3.4(c) sets forth the consents and approvals of third parties and Governmental Authorities required to be obtained as a result of the transactions contemplated by this Agreement.

3.5. Litigation; Claims.

Schedule 3.5 lists all claims, legal actions, suits, litigation, arbitrations, disputes, investigations, proceedings by or before any Governmental Authority involving more than \$100,000 and all orders, decrees or judgments, now pending or in effect, or, to the Knowledge of PCC, threatened or contemplated, against or affecting the Asset Sale Companies, the Purchased Assets, or the consummation of the transactions contemplated by this Agreement, except to the extent involving Taxes for Pre-Closing Periods.

3.6. No Broker.

None of the Asset Sale Companies, PCC or the PCC Parent has had any dealings, negotiations or communications with or retained any broker or other intermediary in connection with the transactions contemplated by this Agreement and none of the foregoing is committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby, other than Rothschild Inc., who shall be compensated solely by PCC or an Affiliate of PCC.

3.7. Undisclosed Liabilities.

As it may affect the Purchased Assets, none of the Asset Sale Companies has any material Liability (and there is no basis for any present or future action,

suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against any of them giving rise to any Liability), except for the Liabilities represented by the Contracts.

3.8. Legal Compliance.

As it may affect the Purchased Assets, each of the Asset Sale Companies and their respective predecessors and Affiliates has complied in all material respects with all Laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings and charges thereunder) of federal, state, local and foreign governments (and all agencies thereof) and no material action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand or notice has been filed or commenced against any of them alleging any failure so to comply.

3.9. Transactions with Affiliates.

The Contracts do not include any Liability between any Asset Sale Company and any Affiliate of such Asset Sale Company.

3.10. Disclosure.

The representations and warranties contained in this Article III do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article III not misleading.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to PCC that:

4.1. Organization.

Buyer is a duly formed limited liability company, validly existing and in good standing under the Laws of the State of Delaware.

4.2. Execution, Delivery and Performance.

The execution, delivery and performance of this Agreement and each other agreement or instrument executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both, (i) conflict with, or result in a violation or breach of, or a default, right to accelerate or loss of rights under, or result in the creation of any Lien, under or pursuant to, any provision of Buyer's organizational documents or of any franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding, any Law, or any finding, order, judgment, writ, injunction or decree to which Buyer is a party or by which Buyer or its respective assets may be bound or affected; or (ii) require the approval, consent or authorization of, or prior notice to, filing with or registration with, any Governmental Authority, or any other Person or entity.

4.3. Authorization.

Buyer has full power and authority to enter into and deliver this Agreement, and each other agreement or instrument (to which it is a party) executed in connection herewith or delivered pursuant hereto and to perform its obligations hereunder and thereunder. Buyer's execution, delivery and performance of this Agreement and all other agreements and instruments executed in connection herewith or delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite action. This Agreement and all other agreements or instruments executed by Buyer in connection herewith or delivered by Buyer pursuant hereto have been duly

executed and delivered by Buyer and this Agreement and all other agreements and instruments executed by Buyer in connection herewith or delivered by Buyer pursuant hereto constitute Buyer's legal, valid and binding obligation, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

4.4. No Broker.

Buyer has had no dealings, negotiations or communications with any broker or other intermediary in connection with the transactions contemplated by this Agreement nor is it committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby.

4.5. Financing.

Buyer will have available to it, at the Closing, financial resources sufficient to consummate the transactions contemplated by this Agreement.

4.6. Disclosure.

The representations and warranties contained in this Article IV do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article IV not misleading.

ARTICLE V CERTAIN COVENANTS

5.1. Operation in Ordinary Course.

Except as provided in this Agreement, between the date of this Agreement and the Closing, PCC shall cause each of the Asset Sale Companies, in relation to the Purchased Assets, to: (i) carry on its business in the Ordinary Course of Business; (ii) use commercially reasonable efforts to preserve intact its

current business organization and properties until the Closing Date, and maintain the relations and good will with its suppliers, customers, landlords, creditors, agents, and others having business relationships with such Asset Sale Company; (iii) not enter into any contract modification or other obligation binding upon the Purchased Assets or an expenditure, purchase, sale, cost or commitment in excess of \$100,000, except such coal sales agreements pursuant to which all obligations will be satisfied prior to Closing; and (iv) report regularly to Buyer concerning the status of the business and finances of such Asset Sale Company.

5.2. Compliance with Law.

Between the date of this Agreement and the Closing, each of the Asset Sale Companies shall comply in all material respects with all Laws and with all orders of any Governmental Authority.

5.3. Cooperation.

Subject to the terms and conditions herein provided, each of PCC and Buyer agrees to use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper and advisable under Law, to consummate and make effective the transactions contemplated by this Agreement. In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, PCC and Buyer will, and PCC will cause the Asset Sale Companies to, execute any additional instruments reasonably necessary to consummate the transactions contemplated hereby.

5.4. Notices and Consents.

PCC and Buyer each will use their commercially reasonable efforts to obtain consents of all Governmental Authorities and other third parties necessary to the consummation of the transactions contemplated by this Agreement. PCC shall have responsibility for providing any notices to third parties that may be required by the transactions contemplated by this Agreement and for obtaining, or causing to be obtained, at its sole cost and expense, the consents listed on Schedule 5.4(a) and Buyer shall have responsibility for obtaining, at its sole cost and expense, all consents listed on Schedule 5.4(b), with the other party in each case using its commercially reasonable efforts to assist the responsible party in obtaining such consents.

5.5. Publicity.

All general notices, releases, statements and communications to any employees, suppliers, distributors and customers of the Asset Sale Companies, to the general public and to the press relating to the transactions contemplated by this Agreement shall be made only at such times and in such manner as may be mutually agreed upon by PCC and Buyer; provided, however, that either party hereto (or, in the case of PCC, the PCC Parent) shall be entitled to make a public announcement of the foregoing if: (a) in the opinion of its legal counsel, such announcement is required to comply with Law or any listing agreement with any national securities exchange or inter-dealer quotation system; and (b) such disclosing party gives a reasonable period of notice and opportunity to comment to the other party hereto of its intention to make such public announcement; provided, that, failure to comment within 24 hours of receipt of such notice shall be deemed a waiver of the opportunity to comment; and provided, further, that nothing in this Section 5.5 shall operate to prohibit any Asset Sale Company or Buyer from communicating, after the Closing

Date, with their respective suppliers, distributors, customers and Governmental Authorities the fact that the transaction has occurred or to employees regarding their employment or the terms and conditions thereof, the operation of the Purchased Assets or matters necessarily related thereto.

5.6. Exclusivity.

PCC will not (nor will it cause or permit any of the Asset Sale Companies to) (i) solicit, initiate or encourage the submission of any proposal or offer from any Person relating directly or indirectly to the acquisition of the Purchased Assets, or any portion thereof, or (ii) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any Person to do or seek any of the foregoing. PCC will notify Buyer immediately if any Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing.

5.7. Access.

At or prior to the Closing Date, PCC will permit (and will cause each of the Asset Sale Companies to permit) representatives of Buyer to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, to all premises, properties, personnel, books, records (including Tax records), contracts and documents of or pertaining to each of the Asset Sale Companies as related to the Purchased Assets. Copies of and access to accounting records, ledgers and other pertinent documents or work papers related to the Purchased Assets will be made available to Buyer at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, upon request.

5.8. Notice of Developments.

Each party will give prompt written notice to the other party of any material adverse development causing a breach of any of its own representations and warranties in Article III and Article IV above. No disclosure by any party pursuant to this Section 5.8, however, shall be deemed to amend or supplement the Schedules to such representations and warranties or to prevent or cure any misrepresentation, breach of warranty or breach of covenant.

5.9. Further Assurances.

The parties shall cooperate in a commercially reasonable manner with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated.

ARTICLE VI
CONDITIONS PRECEDENT TO CLOSING

6.1. Conditions Precedent to Each Party's Obligations.

The respective obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

- (a) no action, suit, proceeding, order, decree or injunction shall have been commenced, threatened or entered by or before any Governmental Authority that remains in force and that (i) prohibits, seeks to prohibit, or imposes or seeks substantial

damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business on or after the Closing Date;

- (b) PCC Parent, PCC, Buyer and Buyer's Parent shall have executed and delivered to each other party thereto the Indemnification and Guaranty Agreement and any other documentation required by such agreement, in form and substance as set forth in Exhibit C attached hereto and the same shall be in full force and effect;
- (c) all other transactions pursuant to which Buyer or any of its Affiliates acquire assets related to the Business shall have been consummated prior to or simultaneously with the transactions contemplated by this Agreement;
- (d) PCC and Buyer shall have executed and delivered to each other all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement; and
- (e) PCC shall have obtained, or caused to have been obtained, the consents listed in Schedule 6.1(e)(i) and PCC shall have provided such payments as may be reasonably required to obtain all such consents. Buyer shall have obtained, or caused to have been obtained, the consents listed in Schedule 6.1(e)(ii) and Buyer shall have provided such payments, guarantees and/or assurances as may be reasonably required to obtain all such consents.

6.2. Conditions Precedent to Obligations of Buyer.

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

- (a) all of the representations and warranties of PCC set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality (whether by reference to "Material Adverse Effect" or otherwise), shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be true and correct does not have a Material Adverse Effect; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and Buyer shall have received the PCC Closing Certificate required by Section 6.2(g) below dated as of the Closing Date executed by PCC to such effect;
- (b) all of the covenants and obligations that PCC is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;
- (c) all proceedings and actions, corporate or other, to be taken by PCC or the Asset Sale Companies in connection with the transactions contemplated by this Agreement and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to Buyer and Buyer's counsel;

- (d) PCC shall have, and shall have caused the Asset Sale Companies to have, executed and delivered the Assignment and Assumption Agreements and such other documents as may be necessary to convey to Buyer the Purchased Assets;
- (e) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;
- (f) Buyer shall have received an opinion of counsel to PCC addressed to Buyer substantially in the form of Exhibit E; and
- (g) Buyer shall have received an executed copy of the PCC Closing Certificate.

6.3. Conditions Precedent to Obligations of PCC.

The obligation of PCC to consummate and cause the consummation of the transactions contemplated by this Agreement is subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

- (a) all of the representations and warranties of Buyer set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality, shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be

true and correct does not have a material adverse effect on Buyer's ability to consummate the transactions contemplated by this Agreement or fulfill its post-Closing obligations hereunder; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and PCC shall have received Buyer's Closing Certificate required by Section 6.3(h) below dated as of the Closing Date executed by Buyer to such effect;

- (b) all of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;
- (c) all proceedings and actions, corporate or other, to be taken by Buyer in connection with the transactions contemplated by this Agreement, and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to PCC and its counsel;
- (d) PCC shall have received, on behalf of the Asset Sale Companies, the Purchase Price by wire transfer of cash or other immediately available funds;
- (e) Buyer shall have executed and delivered the Assignment and Assumption Agreements and such other documents as may be necessary for Buyer to assume all of the Assumed Liabilities;
- (f) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;

- (g) PCC shall have received an opinion of counsel to Buyer addressed to PCC substantially in the form of Exhibit F; and
- (h) PCC shall have received an executed copy of Buyer's Closing Certificate.

ARTICLE VII
TERMINATION

7.1. Termination.

This Agreement may be terminated prior to the Closing Date only as follows:

- (a) by mutual written consent of PCC and Buyer;
- (b) by either PCC or Buyer, if the Closing Date shall not have occurred prior to the close of business on December 31, 2002 or such later date as the parties may agree in writing (provided, that the right to terminate this Agreement under this Section 7.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause, in whole or in part, of, or has resulted in, the failure of the conditions in Article VI to be satisfied and the Closing Date to occur on or before such date);
- (c) by PCC or Buyer if an action, suit, or proceeding, shall have been commenced or threatened by or before any Governmental Authority, or any order, decree or injunction shall have been entered therein, that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business;

- (d) by Buyer if (i) the representations of PCC contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure; or (ii) PCC has failed to comply materially with its respective obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure; or
- (e) by PCC if (i) the representations of Buyer contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from PCC to Buyer of such failure; or (ii) Buyer has failed to comply materially with its obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from the PCC to Buyer of such failure.

7.2. Effect of Termination.

If this Agreement is terminated pursuant to Article VII hereof, all further obligations of the parties under or pursuant to this Agreement shall terminate without further Liability of either party to the other except: (a) as set forth in Section 8.4; and (b) for breaches of representations, warranties, or covenants or for fraud. PCC and Buyer hereby agree that the provisions of this Section 7.2 and of Section 8.4 shall survive any termination of this Agreement pursuant to the provisions of this Article VII.

ARTICLE VIII
MISCELLANEOUS

8.1. Entire Agreement.

This Agreement, the documents referred to herein and to be delivered pursuant hereto and any other agreement entered into contemporaneously with this Agreement among PCC, PCC Parent, Buyer and Buyer's Parent or the Affiliates of any of them constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein or therein.

This Agreement may be amended by an instrument in writing and signed on behalf of all of the parties hereto at any time.

8.3. Extension; Waiver.

At any time prior to the Closing Date, the parties may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document, certificate or writing delivered pursuant hereto or (iii) waive compliance with any of the agreements or conditions contained herein, other than the conditions contained in Section 6.1(a) hereof as it relates to the entry of an order in any proceeding by or before a Governmental Authority. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in an instrument in writing and signed on behalf of such party.

8.4. Expenses.

Whether or not the transactions contemplated by this Agreement are consummated, each of the parties hereto shall pay the fees and expenses of their respective counsel, investment bankers, financial advisors, accountants and other experts and the other expenses incident to the negotiation and preparation of this Agreement and consummation of the transactions contemplated hereby.

8.5. Bulk Sales Waiver.

Buyer hereby waives compliance with all applicable bulk sales Laws.

8.6. Governing Law.

This Agreement shall be construed and interpreted according to the Laws of the Commonwealth of Virginia, without regard to the conflicts of Law rules thereof.

8.7. Assignment.

This Agreement and each party's respective rights hereunder may not be assigned at any time except as expressly set forth herein without the prior written consent of the other party, provided that PCC may assign its rights hereunder to any Affiliate of PCC after the Closing Date without the consent of Buyer and Buyer may assign its rights hereunder to any Affiliate of Buyer prior to, at or after the Closing Date without the consent of PCC and, further provided, that nothing in this Agreement shall prevent a successor in interest to either party from enforcing the provisions of this Agreement.

8.8. Notices.

All communications, notices and disclosures required or permitted by this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by messenger or by overnight delivery service, or within five days of being mailed by registered or certified United States mail, postage

prepaid, return receipt requested, in all cases addressed to the person for whom it is intended at his address set forth below or to such other address as a party shall have designated by notice in writing to the other party in the manner provided by this Section 8.8: If to PCC: Pittston Coal Company 448 N.E. Main Street P.O. Box 5100 Lebanon, Virginia 24266 Attention: President

With a copy to: Pittston Coal Company
c/o The Pittston Company
1801 Bayberry Court
P.O. Box 18100
Richmond, Virginia 23226-8100
Attention: General Counsel

And a copy to: Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

If to Buyer: Alpha Coal Sales Co., LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

With a copy to: First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

8.9. Counterparts; Headings.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. The Table of Contents and Article and Section headings in this Agreement are inserted for convenience of reference only and shall not constitute a part hereof.

8.10. Interpretation; Construction.

- (a) Unless the context requires otherwise, all words used in this Agreement in the singular number shall extend to and include the plural, all words in the plural number shall extend to and include the singular and all words in any gender shall extend to and include all genders.
- (b) This Agreement has been fully negotiated by the parties hereto and shall not be construed by any Governmental Authority against either party as the drafting party.

8.11. Severability.

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

8.12. No Reliance.

No third party is entitled to rely on any of the representations, warranties and agreements contained in this Agreement and PCC and Buyer assume no Liability to any third party because of any reliance on the representations, warranties and agreements of PCC and Buyer contained in this Agreement, other

than Section 5.5 hereof, which are intended to be for the benefit of the Persons expressly covered thereby and may be enforced by such Persons.

8.13. Retention of and Access to Records.

After the Closing Date, Buyer shall retain for a period consistent with Buyer's record retention policies and practices those books and records relating to the Asset Sale Companies delivered to Buyer. Buyer also shall provide to PCC and its Affiliates reasonable access thereto, during normal business hours and on at least three days' prior written notice, to enable them to prepare financial statements or Tax Returns or deal with Tax audits or litigation. Buyer shall deliver to PCC at least thirty days written notice prior to the destruction or other disposal of any such books and records. PCC and its Affiliates may elect to take delivery of any such books and records that Buyer intends to destroy or otherwise dispose of and to copy any such books and records that Buyer intends to keep, all at their own expense.

8.14. Arbitration.

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute") shall be decided by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to select an arbitrator within fourteen calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Section 8.14 shall be the exclusive means to resolve all Disputes.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development
and Technical Resources

ALPHA COAL SALES CO., LLC

By: /s/ Scott Kroh

Name: Scott Kroh
Title: President

SCHEDULE 1.3

ASSET SALE COMPANIES

Clinchfield Coal Company, a Virginia corporation

Pittston Coal Sales Corp., a Virginia corporation

Motivation Coal Company, a Virginia corporation

PITTSTON COAL COMPANY
448 N. E. Main Street
Lebanon, Virginia 24266

December 13, 2002

Alpha Coal Sales Co., LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212

Ladies and Gentlemen:

Reference is made to the Asset Purchase Agreement (the "Agreement"), dated as of October 29, 2002, as amended to but not including the date hereof, by and between Pittston Coal Company ("PCC") and Alpha Coal Sales Co., LLC ("Buyer"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Agreement.

PCC and Buyer desire to amend certain provisions of the Agreement and, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Schedules to the Agreement are hereby amended and restated in their entirety as attached hereto as Exhibit A.
2. Except as amended by this letter agreement, the Agreement shall continue in full force and effect.
3. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any executed counterpart of this letter agreement or other signature hereto delivered by a party by facsimile shall be deemed for all purposes as being good and valid execution and delivery of this letter agreement by such party.

Sincerely,

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development
and Technical Resources

ACKNOWLEDGED AND AGREED:

ALPHA COAL SALES CO., LLC

By: /s/ Michael J. Quillen

Name: Michael J. Quillen
Title: Attorney-in-fact

INDEMNIFICATION AND GUARANTY AGREEMENT, dated as of December 13, 2002, by and among PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), THE PITTSTON COMPANY, a Virginia corporation ("Pittston"), ALPHA NATURAL RESOURCES, LLC, a Delaware limited liability company ("Buyer's Parent") and ALPHA COAL SALES CO., LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, Buyer and PCC have entered into an asset purchase agreement dated October 29, 2002 (such agreement, together with the Exhibits and Schedules attached thereto, as the same may be amended from time to time in accordance with the terms thereof, being hereinafter referred to as the "Acquisition Agreement"), pursuant to which Buyer will purchase or acquire from PCC and certain of its Affiliates certain assets, and assume certain liabilities, all upon the terms and subject to the conditions set forth in the Acquisition Agreement;

WHEREAS, PCC and Buyer desire to provide for the terms upon which they will indemnify each other with respect to certain matters relating to the transactions contemplated by the Acquisition Agreement;

WHEREAS, Pittston owns, indirectly, all of the outstanding capital stock of PCC and, as an inducement to Buyer to enter into the Acquisition Agreement, has agreed to guarantee the obligations of PCC and certain of PCC's Affiliates under this Agreement and the Acquisition Agreement; and

WHEREAS, Buyer's Parent owns all of the outstanding membership interests of Buyer and, as an inducement to PCC to enter into the Acquisition Agreement, has agreed to guarantee the obligations of Buyer under this Agreement and the Acquisition Agreement;

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NOW, THEREFORE, in consideration of the premises and mutual agreements, covenants and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified below. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings specified in the Acquisition Agreement.

1.1. Acquisition Agreement.

"Acquisition Agreement" shall have the meaning set forth in the Recitals to this Agreement.

1.2. Adverse Consequences.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

1.3. Basket.

"Basket" shall have the meaning set forth in Section 2.1(b)(i) hereof.

1.4. Buyer.

"Buyer" shall have the meaning set forth in the preamble to this Agreement.

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1.5. Buyer Indemnified Persons.

"Buyer Indemnified Persons" shall mean Buyer, its Affiliates (including, after Closing, one or more Buyer Affiliates formed to hold the Virginia coal operations of PCC acquired pursuant to the Acquisition Agreement), and their respective members, directors, officers, employees, consultants, agents, attorneys and representatives.

1.6. Buyer's Parent.

"Buyer's Parent" shall have the meaning set forth in the preamble to this Agreement.

1.7. Buyer's Parent Guaranty.

"Buyer's Parent Guaranty" shall have the meaning set forth in Section 3.2 hereof.

1.8. Claim Notice.

"Claim Notice" shall have the meaning set forth in Section 2.3(b) hereof.

1.9. Dispute.

"Dispute" shall have the meaning set forth in Article VII hereof.

1.10. Indemnified Party.

"Indemnified Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.11. Indemnifying Party.

"Indemnifying Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.12. Other Acquisition Agreements.

"Other Acquisition Agreements" shall mean the agreements set forth on Schedule A attached hereto.

1.13. Other Indemnification Agreements.

"Other Indemnification Agreements" shall mean the agreements set forth on Schedule B attached hereto.

1.14. PCC.

"PCC" shall have the meaning set forth in the preamble to this Agreement.

1.15. Pittston.

"Pittston" shall have the meaning set forth in the preamble to this Agreement.

1.16. Pittston Guaranty.

"Pittston Guaranty" shall have the meaning set forth in Section 3.1 hereof.

1.17. Pittston Indemnified Persons.

"Pittston Indemnified Persons" shall mean Pittston, PCC, the Asset Sale Companies and their respective directors, officers, employees, agents, stockholders and their respective Affiliates, and their respective directors, officers, employees, consultants, agents, attorneys and representatives.

ARTICLE II
INDEMNIFICATION

2.1. Indemnification by PCC.

(a) PCC agrees to indemnify and hold harmless Buyer Indemnified Persons from and against, and reimburse them for, any and all Adverse Consequences that any Buyer Indemnified Persons may suffer or incur or become subject to as a result of:

(i) the inaccuracy or breach of any representation or warranty made by PCC to Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with the terms shall not be deemed without more to have caused a breach of any representation or warranty);

(ii) any failure by PCC to carry out, perform, satisfy or discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement; and

(iii) any failure by PCC or the Asset Sale Companies to satisfy the Retained Liabilities.

(b) Notwithstanding the provisions of Section 2.1(a), PCC shall not be required to indemnify any of Buyer Indemnified Persons with respect to the matters described in Sections 2.1(a)(i) and 2.1(a)(ii):

(i) unless and until the sum of (A) the Adverse Consequences for which indemnification pursuant to (1) Sections 2.1(a)(i) and 2.1(a)(ii) or (2) in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by Buyer to obtain any of the consents listed on Schedule 6.1(e)(i) of the Acquisition Agreement or in Schedule 6.1(e)(i) of the Other Acquisition Agreements, shall exceed \$100,000 (the "Basket"), in which case the entire amount of such Adverse Consequences is recoverable;

(ii) unless the right to indemnity is asserted pursuant to Section 2.3 on or before the second anniversary of the Closing Date for any matter described in Sections 2.1(a)(i) or 2.1(a)(ii); and

(iii) for any matter, to the extent that the aggregate amount of the Adverse Consequences for which Buyer Indemnified Persons have been indemnified pursuant to Sections 2.1(a)(i) and 2.1(a)(ii) or in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements exceeds \$15,000,000 (the "Cap").

(c) Notwithstanding the foregoing, PCC agrees that any claim by a Buyer Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of PCC's representations specified in Sections 3.1, 3.2, 3.3 and 3.6 of the Acquisition Agreement or (ii) pursuant to Section 2.1(a)(iii), shall not be subject to the provisions of paragraph (b) of this Section 2.1.

(d) PCC agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Buyer Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Buyer Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.2. Indemnification by Buyer.

(a) Buyer agrees to indemnify and hold harmless Pittston Indemnified Persons from and against and reimburse them for, any and all Adverse Consequences that any Pittston Indemnified Persons may suffer or incur or become subject to as a result of:

(i) the inaccuracy or breach of any representation or warranty made by Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with its terms shall not be deemed without more to have caused a breach of any representation or warranty);

(ii) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement;

(iii) the ownership of the Purchased Assets on or after the Closing Date; and

(iv) any failure by Buyer to satisfy the Assumed Liabilities.

(b) The foregoing notwithstanding, Buyer shall not be required to indemnify any Pittston Indemnified Persons with respect to the matters described in Sections 2.2(a)(i) and 2.2(a)(ii):

(i) unless and until the sum of (A) Adverse Consequences for which indemnification pursuant to (1) Sections 2.2(a)(i) and 2.2(a)(ii) or (2) in Sections 2.2(a)(i) and 2.2(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by PCC to obtain any of the consents listed on Schedule 6.1(e)(ii) of the Acquisition Agreement or in Schedule 6.1(e)(ii) of the Other Acquisition Agreements, shall exceed the Basket, in which case the entire amount of such Adverse Consequences is recoverable;

(ii) unless the right to indemnity is asserted on or before the second anniversary of the Closing Date pursuant to Section 2.3; and

(iii) for any matter, to the extent that the aggregate amount of Adverse Consequences for which the Pittston Indemnified Persons have been indemnified pursuant to Sections 2.2(a)(i) and 2.2(a)(ii) or in Sections 2.2(a)(i) and 2.2(a)(ii) of the Other Indemnification Agreements is sought exceeds the Cap.

(c) Notwithstanding the foregoing, Buyer agrees that any claim by a Pittston Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of Buyer's representations specified in Sections 4.1, 4.2, 4.3 and 4.4 of the Acquisition Agreement or (ii) pursuant to Sections 2.2(a)(iii) through (iv), shall not be subject to the provisions of paragraph (b) of this Section 2.2.

(d) Notwithstanding the foregoing, nothing in Section 2.2(a)(iii) shall diminish the right of any Buyer Indemnified Person to seek indemnification from PCC after the Closing Date pursuant to the terms of this Agreement.

(e) Buyer agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Pittston Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Pittston Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.3. Indemnification Procedures.

(a) All claims for indemnification under this Agreement shall be asserted and resolved pursuant to this Section 2.3.

(b) Each party entitled to indemnification under this Agreement (the "Indemnified Party") shall give notice (a "Claim Notice") to the party required to provide such indemnification (the "Indemnifying Party") promptly after such Indemnified Party has notice of any Adverse Consequence which may give rise to a claim for indemnification against the other party under this Agreement, provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced. The Indemnified Party shall not be required to commence litigation or take any action against any third party prior to delivery of the Claim Notice.

(c) The Indemnifying Party will have the right (at its expense) to assume the investigation and/or defense of any Adverse Consequence or any litigation resulting therefrom so long as (i) the Indemnifying Party notifies the Indemnified Party in writing (within 20 days after the Indemnified Party has given the Claim Notice) that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of the Adverse Consequence, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend, and otherwise indemnify for, the Adverse Consequence and fulfill its indemnification obligations hereunder and (iii) the Adverse Consequence involves only money damages and does not seek an injunction or other equitable relief.

(d) So long as the Indemnifying Party is conducting the defense of the Adverse Consequence in accordance with Section 2.3(c), (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Adverse Consequence, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnifying Party (not to be withheld unreasonably), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnified Party; provided, that the Indemnifying Party may consent to such judgment or enter into such settlement without the prior written consent of the Indemnified Party so long as an unconditional term of any such judgment or settlement includes the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability with respect to such Adverse Consequence.

(e) In the event any of the conditions in Section 2.3(c) is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Adverse Consequence in any manner it may reasonably deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Adverse Consequence (including reasonable attorneys' fees and expenses), and (C) the Indemnifying Parties will remain responsible for any Adverse Consequence the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of or caused by the Adverse Consequence to the fullest extent provided in this Agreement.

2.4. Insurance Proceeds.

The amount of any indemnification payable in connection with any transaction contemplated by this Agreement or the Acquisition Agreement shall be net of any insurance proceeds available, under any insurance policies in effect at the time that are maintained in the Ordinary Course of Business, to a Buyer Indemnified Person or a Pittston Indemnified Person, respectively, in connection with the events or circumstances giving rise to the indemnification. For purposes of this Section 2.4, any pollution and legal liability insurance policies or an insurance policy covering loss in connection with the representations and warranties contained in the Acquisition Agreement will be deemed not to be maintained in the Ordinary Course of Business.

2.5. Exclusivity of Rights and Procedures.

The parties agree that this Agreement shall constitute the sole and exclusive remedy of the parties hereto with respect to the subject matters addressed in this Agreement, the Acquisition Agreement and the transactions contemplated by the Acquisition Agreement. Each party to this Agreement hereby waives and releases the other parties from any and all claims and other causes of action, including claims for contribution, related to those subject matters, other than claims (i) pursuant to the terms of this Agreement, (ii) related to the Retained Liabilities (in the case of Buyer Indemnified Persons) or the Assumed Liabilities (in the case of the Pittston Indemnified Persons), (iii) for fraud, and (iv) for injunctive relief.

ARTICLE III
GUARANTIES

3.1. Pittston Guaranty.

(a) Pittston hereby irrevocably and unconditionally guarantees to Buyer (the "Pittston Guaranty") the full and punctual performance and compliance by PCC with each and every covenant, term and condition to be performed or complied with by PCC under this Agreement and the Acquisition Agreement. The Pittston Guaranty expressed in this Section 3.1 is an absolute, present, primary and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by PCC or upon any other condition or contingency.

(b) Pittston hereby expressly waives (i) notice of acceptance of the Pittston Guaranty and (ii) any other notice given to PCC in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Pittston hereby authorizes Buyer to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of PCC under the Agreement without notice to or consent by Pittston. Pittston acknowledges and agrees that its liability under the Pittston Guaranty is joint and several with PCC and, upon any default by PCC, Buyer shall not be obligated to first attempt enforcement against PCC. Pittston hereby waives any and all defenses to enforcement of the Pittston Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.

(c) Pittston represents and warrants to Buyer that (i) Pittston is a corporation validly existing and in good standing under the laws of the Commonwealth of Virginia; (ii) all necessary corporate action has been duly taken by it to authorize the execution, delivery and performance by it of the Pittston Guaranty, (iii) the Pittston Guaranty is being executed on Pittston's behalf by a duly authorized representative, (iv) the Pittston Guaranty is the legally valid and binding obligation of Pittston enforceable in accordance with its terms, and (v) the execution and the delivery of the Pittston Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Pittston's Articles of Incorporation or Bylaws or of any material franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Pittston is a party or by which Pittston is bound, or any Law or any order, judgment, writ, injunction or decree to which Pittston is a party or by which Pittston may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Pittston or that otherwise relates to the Pittston's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Pittston is subject.

(d) Pittston agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by Buyer Indemnified Persons in enforcing Pittston's liability to Buyer Indemnified Persons under the Pittston Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.

(e) The Pittston Guaranty shall be binding upon Pittston and its successors and assigns, and shall inure to the benefit of and be enforceable by Buyer and its successors and assigns. For purposes of the Pittston Guaranty, Pittston shall be deemed to include the surviving entity in any merger or consolidation involving Pittston, which survivor shall be bound by the provisions of the Pittston Guaranty and this Agreement.

3.2. Buyer's Parent Guaranty.

(a) Buyer's Parent hereby irrevocably and unconditionally guarantees to PCC (the "Buyer's Parent Guaranty") the full and punctual performance and compliance by Buyer with each and every covenant, term and condition to be performed or complied with by Buyer under this Agreement and the Acquisition Agreement. Buyer's Parent Guaranty expressed in this Section 3.2 is an absolute, present, primary and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by Buyer or upon any other condition or contingency.

(b) Buyer's Parent hereby expressly waives (i) notice of acceptance of Buyer's Parent Guaranty and (ii) any other notice given to Buyer in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Buyer's Parent hereby authorizes PCC to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of Buyer under the Agreement without notice to or consent by Buyer's Parent. Buyer's Parent acknowledges and agrees that its liability under Buyer's Parent Guaranty is joint and several with Buyer and, upon any default by Buyer, PCC shall not be obligated to first attempt enforcement against Buyer. Buyer's Parent hereby waives any and all defenses to enforcement of Buyer's Parent Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.

(c) Buyer's Parent represents and warrants to PCC that (i) Buyer's Parent is a limited liability company validly existing and in good standing under the laws of the State of Delaware; (ii) all necessary corporate action has been duly taken by it to authorize the execution, delivery and performance by it of Buyer's Parent Guaranty, (iii) Buyer's Parent Guaranty is being executed on Buyer's Parent's behalf by a duly authorized representative, (iv) Buyer's Parent Guaranty is the legally valid and binding obligation of Buyer's Parent enforceable in accordance with its terms, and (v) the execution and the delivery of Buyer's Parent Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Buyer's Parent's Certificate of Formation, Operating Agreement or other organizational documents or of any material franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Buyer's Parent is a party or by which Buyer's Parent is bound, or any Law or any order, judgment, writ, injunction or decree to which Buyer's Parent is a party or by which Buyer's Parent may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Buyer's Parent or that otherwise relates to Buyer's Parent's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Buyer's Parent is subject.

(d) Buyer's Parent agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by the Pittston Indemnified Persons in enforcing Buyer's Parent's liability to the Pittston Indemnified Persons under Buyer's Parent Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.

(e) Buyer's Parent Guaranty shall be binding upon Buyer's Parent and its successors and assigns, and shall inure to the benefit of and be enforceable by PCC and its successors and assigns. For purposes of Buyer's Parent Guaranty, Buyer's Parent shall be deemed to include the surviving entity in any merger or consolidation involving Buyer's Parent, each of whom shall be bound by the provisions of the Buyer's Parent Guaranty and this Agreement.

ARTICLE IV
SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

ARTICLE V
NOTICES

All communications, notices and disclosures required or permitted by this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by messenger or by overnight delivery service, or within five days of being mailed by registered or certified United States mail, postage prepaid, return receipt requested, in all cases addressed to the person for whom it is intended at his address set forth below or to such other address as a party shall have designated by notice in writing to the other parties in the manner provided by this Article V:

if to PCC or Pittston, to them at:

Pittston Coal Company
448 N.E. Main Street
P. O. Box 5100
Lebanon, Virginia 24266
Attention: President

with a copy to:

Pittston Coal Company
c/o The Pittston Company
1801 Bayberry Court
P. O. Box 18100
Richmond, Virginia 23226-8100
Attention: General Counsel

and a copy to:

Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

if to Buyer:

Alpha Coal Sales Co., LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

if to Buyer's Parent, to it at:

Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

ARTICLE VI
ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but this Agreement and the rights, interests or obligations hereunder shall not be assignable by Buyer's Parent, Buyer, Pittston or PCC without the prior written consent of the other parties and any attempt to make such an assignment without such consent shall be void and of no effect.

ARTICLE VII
ARBITRATION

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute") shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to designate an arbitrator within fourteen (14) calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Article VII shall be the exclusive means to resolve all Disputes.

ARTICLE VIII
MISCELLANEOUS

8.1. Headings.

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

8.2. Integration.

This Agreement and any other agreement entered into contemporaneously with this Agreement among PCC, Pittston, Buyer and Buyer's Parent or the Affiliates of any of them constitute the entire agreement and supercede all prior agreements and understandings not reflected in the Acquisition Agreement, both written and oral, among the parties with respect to the subject matter hereof.

8.3. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8.4. Governing Law.

This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the Commonwealth of Virginia, without regard to the conflicts of laws principles thereof.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

ALPHA COAL SALES CO., LLC,
a Delaware limited liability company

By:/s/ Michael J. Quillen

Name: Michael J. Quillen
Title: Attorney-in-fact

ALPHA NATURAL RESOURCES, LLC, a Delaware limited liability company

By:/s/ Michael J. Quillen

Name: Michael J. Quillen
Title: President

PITTSTON COAL COMPANY,
a Delaware corporation

By:/s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development and
Technical Resources

THE PITTSTON COMPANY,
a Virginia corporation

By:/s/ James B. Hartough

Name: James B. Hartough
Title: Vice President - Corporate Finance
and Treasurer

Schedule A

Asset Purchase Agreement by and between Pittston Coal Company and Dickenson-Russell Coal Company, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Paramont Coal Company Virginia, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Land and Reserves, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Terminal Company, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Maxxim Rebuild Co., LLC, dated as of October 29, 2002, as amended.

Schedule B

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Dickenson-Russell Coal Company, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Paramount Coal Company Virginia, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Land and Reserves, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Terminal Company, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Maxxim Rebuild Co., LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

PITTSTON COAL COMPANY

AND

ALPHA TERMINAL COMPANY, LLC

October 29, 2002

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of the 29th day of October, 2002, by and between PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), and ALPHA TERMINAL Company, LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, PCC owns directly all of the outstanding capital stock of Pittston Coal Terminal Corporation, a Virginia corporation (the "Asset Sale Company");

WHEREAS, PCC desires to cause to be sold and assigned, and Buyer desires to purchase and assume, certain of the assets and certain of the Liabilities (as hereinafter defined) of the Asset Sale Company;

WHEREAS, PCC desires to cause the Asset Sale Company to retain certain assets and certain Liabilities; NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PCC and Buyer agree that:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified:

1.1. Affiliate.

"Affiliate" shall mean, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Agreement, none of Dominion Terminal Associates or any of its partners, other than the Asset Sale Company, shall be deemed an Affiliate of PCC or any of its Affiliates.

1.2. Agreement.

"Agreement" shall mean this Asset Purchase Agreement, together with the Exhibits and Schedules attached hereto, which are incorporated into this Asset Purchase Agreement by this reference, as the same may be amended from time to time in accordance with the terms hereof.

1.3. Asset Sale Company.

"Asset Sale Company" shall have the meaning given to it in the Recitals to this Agreement.

1.4. Assigned Contracts.

"Assigned Contracts" shall mean the Consortium Documents and the other written contracts, agreements, personal and real property leases, relationships and commitments, of the Asset Sale Company listed on Schedule 1.4.

1.5. Assignment and Assumption Agreements.

"Assignment and Assumption Agreements" shall mean, collectively, the Assignment and Assumption of Consortium Documents and the Assignment and Assumption of Parent Company Agreement.

1.6. Assignment and Assumption of Consortium Documents.

"Assignment and Assumption of Consortium Documents" shall mean the assignment and assumption agreement substantially in the form of Exhibit A-1 attached hereto.

1.7. Assignment and Assumption of Parent Company Agreement.

"Assignment and Assumption of Parent Company Agreement" shall mean the assignment and assumption agreement substantially in the form of Exhibit A-2 attached hereto.

1.8. Assumed Liabilities.

"Assumed Liabilities" shall mean all Assumed Partner Liabilities and all Assumed Parent Company Liabilities.

1.9. Assumed Parent Company Liabilities.

"Assumed Parent Company Liabilities" shall mean all Liabilities of PCC Parent listed on Schedule 1.9, and, in any event, excludes any Retained Liabilities.

1.10. Assumed Partner Liabilities.

"Assumed Partner Liabilities" shall mean all Liabilities of the Asset Sale Company listed on Schedule 1.10, and, in any event, excludes any Retained Liabilities.

1.11. Business.

"Business" shall mean the ownership of the Purchased Assets.

1.12. Buyer.

"Buyer" shall have the meaning given to it in the preamble of this Agreement.

1.13. Buyer Closing Certificate.

"Buyer Closing Certificate" shall mean the certificate of Buyer substantially in the form of Exhibit B attached hereto.

1.14. Buyer Designee.

"Buyer Designee" shall have the meaning set forth in Section 5.10.

1.15. Buyer's Parent.

"Buyer's Parent" shall mean Alpha Natural Resources, LLC, a Delaware limited liability company.

1.16. Closing.

"Closing" shall mean the closing of the transactions contemplated by this Agreement beginning at 10:00 a.m., local time, on the Closing Date, at the offices of Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

1.17. Closing Date.

"Closing Date" shall mean November 30, 2002 or such other date as the parties may mutually agree in writing.

1.18. Coal Act.

"Coal Act" shall mean the Coal Industry Retiree Health Benefit Act of 1992 as amended through the Closing Date (codified at Subtitle J of the Code).

1.19. Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, where appropriate, any predecessor or successor provisions of Law, and all regulations thereunder.

1.20. Consortium Agreement.

"Consortium Agreement" shall mean the Second Amended and Restated Consortium Agreement, dated as of July 1, 1987, initially by and among Ashland Terminal, Inc., a Delaware corporation, Cavalier Coal Terminal Company, a Delaware corporation, James River Coal Terminal Company, a Delaware corporation, Peabody Terminals, Inc., a Delaware corporation, BHP-Utah Terminal Company, a Delaware corporation, Westmoreland Terminal Company, a Delaware corporation, and the Asset Sale Company, as amended by the First Amendment thereto dated as of March 31, 1989, the Second Amendment thereto dated as of September 30, 1989, the Third Amendment thereto dated as of September 11, 1990, and the Fourth Amendment thereto dated as of November 15, 1992, the Fifth Amendment thereto dated as of December 31, 2001.

1.21. Consortium Documents.

"Consortium Documents" shall mean, collectively, the Consortium Agreement, the Operating Agreement, the Throughput Agreement, the Transportation Agreement and the Parent Company Agreement.

1.22. Contaminated.

"Contaminated" shall mean the presence of one or more Hazardous Substances in such quantity or concentration as to: (i) violate any Environmental Law; (ii) require disclosure to any Governmental Authority; (iii) require remediation or removal; (iv) interfere with or prevent the use of any of the Purchased Assets or the Facilities as customarily intended; or (v) create any contribution Liability to fund the clean up of the Facilities.

1.23. CPA Arbitrator.

"CPA Arbitrator" shall have the meaning set forth in Section 2.8 hereof.

1.24. Dispute.

"Dispute" shall have the meaning set forth in Section 9.14 hereof.

1.25. DTA.

"DTA" shall mean Dominion Terminal Associates, a Virginia general partnership.

1.26. DTA Activities.

"DTA Activities" shall mean those activities of DTA that have taken place on or through the use of the Facilities that involve receiving, unloading, storing, and handling and loading coal and coal by-products.

1.27. DTA Environmental Liabilities.

"DTA Environmental Liabilities" shall mean any obligation the Asset Sale Company may have as a DTA Partner for Liabilities that relate or arise from any Hazardous Substance related to the DTA Activities conducted in accordance with standard industry practices.

1.28. DTA Partners.

"DTA Partners" shall mean all of the partners of DTA.

1.29. DTA Revenue Bonds.

"DTA Revenue Bonds" shall mean \$43,160,000 principal amount of Coal Terminal Revenue Refunding Bonds, Series 1992, due June 1, 2020, issued by the Peninsula Ports Authority of Virginia, and any amendments, modifications, refundings or refinancings thereof.

1.30. Environmental Laws.

"Environmental Laws" shall mean collectively, all federal, foreign, state, and local Laws in effect as of the Closing Date that relate to (a) the prevention, abatement or elimination of pollution, or the protection of the environment, or of natural resources, including, without limitation, Laws applicable to coal mining operations or related activities, (b) the generation, handling, treatment, storage, disposal or transportation of waste materials, (c) the regulation of or exposure to Hazardous Substances, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C.ss.ss.9601 et. seq. ("CERCLA"), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, as amended, 42 U.S.C.ss.ss.6901 et. seq. ("RCRA"), the Clean Air Act, 42 U.S.C.ss.ss.7401 et. seq., the Clean Water Act, 33 U.S.C. ss.ss.1251 et. seq., the Toxic Substances Control Act, 15 U.S.C.ss.ss.2601 et. seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C.ss.ss.11001 et. seq., and any foreign, state, county, municipal, or local statutes, Laws or ordinances similar or analogous to the federal statutes listed in this sentence.

1.31. Facilities.

"Facilities" shall have the meaning set forth in the Lease Agreement.

1.32. Governmental Authority.

"Governmental Authority" shall mean any governmental, judicial, legislative, executive, administrative or regulatory authority of the United States, or of any foreign, state or local government or any subdivision, agency, commission, office, authority or bureau thereof or any quasi-governmental entity or authority of any nature.

1.33. Hazardous Substances.

"Hazardous Substances" shall mean any substance, chemical, waste, solid, material, pollutant or contaminant that is defined or listed as hazardous or toxic under any applicable Environmental Laws. Without limiting the generality of the foregoing it shall also include any radioactive material, including any naturally-occurring radioactive material, and any source, special or by-product material as defined in 42 U.S.C. 2011, et seq., any amendments or authorizations thereof, any asbestos-containing materials in any form or condition, any polychlorinated biphenyls in any form or condition, radioactive waste, or natural gas, natural gas liquids, liquified natural gas, condensate, or derivatives or byproducts thereof or oil and petroleum products or by products and constituents thereof.

1.34. Indemnification and Guaranty Agreement.

"Indemnification and Guaranty Agreement" shall mean the agreement by and among PCC Parent, PCC, Buyer and Buyer's Parent substantially in the form of Exhibit C attached hereto.

1.35. Knowledge of PCC.

"Knowledge of PCC" shall mean, for the individuals listed on Schedule 1.35, any such individual's actual knowledge and what any such individual should have known after reasonable inquiry within the scope of that individual's job responsibilities.

1.36. Law.

"Law" and "Laws" shall mean any applicable United States or foreign, federal, state, local or other law or governmental requirement of any kind, and the rules, regulations and orders promulgated thereunder.

1.37. Lease Agreement.

"Lease Agreement" shall mean the Lease dated as of October 15, 1982, initially by and among the Peninsula Ports Authority of Virginia, Armco Terminal Company, a Delaware corporation, Ashland Terminal, Inc., a Delaware corporation, Sierra Coal Company, a Delaware corporation, Westmoreland Terminal Company, a Delaware corporation, and the Asset Sale Company, as amended by the First Amendment thereto dated February 27, 1984, the Second Amendment thereto date as of July 31, 1986, the Third Amendment thereto dated as of July 1, 1987 and the Fourth Amendment thereto dated as of November 15, 1992.

1.38. Liability.

"Liability" shall mean any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), including any liability for Taxes. "Liabilities" shall mean one or more items of Liability.

1.39. Lien.

"Lien" shall mean any lien, encumbrance, mortgage, charge, claim, restriction, pledge, security interest or imposition of any kind.

1.40. Loan Agreement.

"Loan Agreement" shall mean the Loan Agreement, dated as of November 15, 1992, between Peninsula Ports Authority of Virginia and DTA.

1.41. Material Adverse Effect.

"Material Adverse Effect" shall mean any event, change or occurrence that individually, or together with any other event, change or occurrence, has a material adverse impact on the Business, taken as a whole, without regard to the duration of such material adverse impact.

1.42. Operating Agreement.

"Operating Agreement" shall mean the Amended and Restated Operating Agreement, dated as of January 1, 1988, initially by and among DTA, Ashland Terminal, Inc., BHP-Utah Terminal Company, Cavalier Coal Terminal Company, James River Coal Terminal, Peabody Terminals, Inc, Westmoreland Terminal Company and the Asset Sale Company, as amended by the First Amendment thereto dated as of January 1, 1989, the Second Amendment thereto dated as of September 11, 1990, the Third Amendment thereto dated as of August 24, 2000 and the Fourth Amendment thereto dated as of December 31, 2001.

1.43. Ordinary Course of Business.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

1.44. Parent Company Agreement.

"Parent Company Agreement" shall mean the Seventh Amended and Restated Parent Company Agreement, dated as of September 11, 1990, by and among Ashland Coal, Inc., a Delaware Corporation, Peabody Holding Company, Inc., a New York corporation, Westmoreland Coal Company, a Delaware corporation, and PCC Parent.

1.45. Partner Matter.

"Partner Matter" shall have the meaning set forth in Section 5.10 hereof.

1.46. PCC.

"PCC" shall have the meaning given to it in the preamble to this Agreement.

1.47. PCC Closing Certificate.

"PCC Closing Certificate" shall mean the certificate of PCC substantially in the form of Exhibit D attached hereto.

1.48. PCC Group.

"PCC Group" shall have the meaning set forth in Section 1.53 hereof.

1.49. PCC Parent.

"PCC Parent" shall mean The Pittston Company, a Virginia corporation.

1.50. Permits.

"Permits shall have the meaning set forth in Section 3.6 hereof.

1.51. Permitted Liens.

"Permitted Liens" shall mean those Liens affecting the Purchased Assets that are listed on Schedule 1.51.

1.52. Person.

"Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Authority.

1.53. Pre-Closing Period.

"Pre-Closing Period" shall mean any taxable period ending on or before the Closing Date.

1.54. Purchased Assets.

"Purchased Assets" shall mean the rights of the Asset Sale Company with respect to the Assigned Contracts, including in any event all of the Asset Sale Company's rights as a partner in DTA (subject to Section 2.7 hereof) but excluding the Retained Contract Rights.

1.55. Related Persons.

"Related Persons" shall mean related persons as that term is defined in Section 9701(c)(2) of the Coal Act, except that it shall not include successors in interest.

1.56. Retained Contract Rights.

"Retained Contract Rights" shall mean any and all rights under or interest in the Assigned Contracts relating to the DTA Revenue Bonds, including without limitation any right to, or to cause DTA to, pay, prepay, defease, call, redeem, refund, refinance, modify or satisfy the DTA Revenue Bonds, in whole or in part, reset any interest rate related thereto, perform any obligation of the Peninsula Ports Authority of Virginia in respect thereof or amend, modify, restate, terminate or assign, or cause the amendment, modification, restatement, termination or assignment of, any document (including any Consortium Document) related thereto. Without limiting the foregoing, the Retained Contract Rights shall include any right enumerated in Sections 3.2, 3.3 or 3.4 of the Throughput Agreement.

1.57. Retained Contract Liabilities.

"Retained Contract Liabilities" shall mean any and all Liabilities of the Asset Sale Company under the Assigned Contracts (excluding in any event the Assumed Liabilities) relating to the DTA Revenue Bonds, including without limitation (i) any obligation to, or cause DTA to, pay, prepay, defease, redeem, refund, refinance or satisfy the DTA Revenue Bonds, pay any interest thereon, or pay any costs and expenses related thereto, (ii) any Liability enumerated in Sections 3.2, 3.3 or 3.4 of the Throughput Agreement, (iii) any Liability relating solely to the DTA Revenue Bonds enumerated in Section 6.1 of the Consortium Agreement and (iv) any Liability relating to the DTA Revenue Bonds arising out of or in connection with DTA's obligations under the Loan Agreement or the Lease Agreement, except to the extent, in each case, that such Liabilities (excluding the obligations to pay the principal of and interest on the DTA Revenue Bonds and the related expenses set forth in Section 5.2 of the Loan Agreement in amounts and in accordance with the schedule of principal and interest payments in effect as of the date hereof with such changes as PCC shall approve, which are and shall remain solely the Liability of the Asset Sale Company and PCC) are caused by the negligence, misconduct or breach of any obligation of Buyer or Buyer's Parent with respect to the Purchased Assets or under the Assigned Contracts, the Assignment and Assumption Agreements or the Indemnification and Guaranty Agreement.

1.58. Retained Liabilities.

"Retained Liabilities" shall mean (a) (1) all Liabilities, if any, of the Asset Sale Company and its Related Persons (collectively, the "PCC Group") under the Coal Act, and (2) all Liabilities, if any, of the PCC Group under any post-Closing amendments to the Coal Act for (i) beneficiaries eligible under the Coal Act who are assigned to a member of the PCC Group or for whom a member of the PCC Group is required to provide or pay for medical benefits pursuant to Sections 9711 or 9712 of the Coal Act or (ii) death benefit premiums or unassigned beneficiary premiums (as those terms are used in Sections 9704(c) and 9704(d) of the Coal Act) for beneficiaries eligible under the Coal Act, that are assessed against any member of the PCC Group; provided, for the avoidance of doubt, that the Liabilities retained pursuant to (1) and (2) above shall not be affected by Buyer or any of its Affiliates being identified under the Coal Act or any post-Closing amendments thereto as a successor, successor in interest or "Related person" under the Coal Act or any post-Closing amendments thereto to any member of the PCC Group solely as a result of Buyer's purchase of the Purchased Assets; (b) all Liabilities, if any, of the Asset Sale Company for cash advances or other contributions to DTA in respect of Terminal Operating Expenses (as defined in the Operating Agreement) accrued through, and allocable to the period ending on, the Closing Date; and (c) all Retained Contract Liabilities.

1.59. Tax or Taxes.

"Tax" or "Taxes" mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code ss.59A), custom duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, reclamation fees or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, but shall not include, for purposes of this Agreement only, Liabilities under the Coal Act, of whatever nature and regardless of how denominated.

1.60. Tax Return.

"Tax Return" shall mean any original or amended report, return, declaration, claim for refund, statement, document, schedule, attachment or other information supplied or required to be supplied to a Governmental Authority with respect to Taxes, including any return of an affiliated, combined or unitary group.

1.61. Throughput Agreement.

"Throughput Agreement" shall mean the Amended and Restated Throughput and Handling Agreement, dated as of July 1, 1987, initially by and among Ashland Terminal, Inc., Cavalier Coal Terminal Company, James River Coal Terminal Company, Peabody Terminals, Inc., Westmoreland Terminal Company, the Asset Sale Company and DTA, as amended by the First Amendment thereto dated as of September 30, 1989, the Second Amendment thereto dated as of September 11, 1990, the Third Amendment thereto dated as of November 15, 1992, and the Fourth Amendment thereto dated as of June 2, 1994.

1.62. Transportation Agreement.

"Transportation Agreement" shall mean the Fifth Amendment effective as of January 1, 1988 to the Transportation Agreement, dated as of April 24, 1982, initially by and among CSX Transportation, Inc., Ashland Terminal, Inc., Cavalier Coal Terminal Company, James River Coal Terminal Company, Peabody Terminals, Inc., BHP-Utah Terminal Company, Westmoreland Terminal Company, the Asset Sale Company and DTA, as amended by the Sixth Amendment thereto dated as of January 1, 1989, and the Seventh Amendment thereto dated as of September 11, 1990.

1.63. Voting Agreement.

"Voting Agreement" shall mean the voting agreement substantially in the form of Exhibit G attached hereto.

ARTICLE II
PURCHASE AND SALE OF ASSETS

2.1. Transfer of Assets.

On the Closing Date, PCC (on behalf of the Asset Sale Company) shall cause to be sold, conveyed, transferred and assigned to Buyer, and Buyer shall acquire, the Purchased Assets. At the Closing, subject to the terms and conditions of this Agreement, PCC agrees to: (i) cause all of its rights and interest in the Purchased Assets to be transferred to Buyer; and (ii) perform its obligations under this Agreement to be performed at or before Closing. In consideration for the Purchased Assets, Buyer shall: (i) assume the Assumed Partner Liabilities; (ii) cause Buyer's Parent to assume the Assumed Parent Liabilities; and (iii) perform its obligations under this Agreement to be performed at or before Closing. Buyer and Buyer's Parent shall not assume or have any responsibility with respect to any Liability of PCC Parent, PCC, the PCC Group or the Asset Sale Company that is not an Assumed Liability.

2.2. Assignment and Assumption Agreements and Other Documents.

At the Closing, PCC shall cause the Asset Sale Company and PCC Parent to: (i) execute and deliver to Buyer the Assignment and Assumption Agreements and such other documents as may be necessary to convey to Buyer the Purchased Assets; and (ii) perform its obligations under the Agreement to be performed at or before the Closing.

2.3. Assumption of Liabilities.

At the Closing, Buyer shall execute and deliver, and shall cause Buyer's Parent to execute and deliver, to PCC the Assignment and Assumption Agreements and such other documents and instruments as may be necessary for Buyer and Buyer's Parent to assume all of the Assumed Liabilities. Buyer and Buyer's Parent shall not assume or have any responsibility, however, with respect to any Liability of PCC Parent, PCC, the PCC Group or the Asset Sale Company that is not an Assumed Liability.

2.4. Proration of Liabilities.

PCC and Buyer shall cooperate with each other to provide for payments due with respect to the Assumed Liabilities and the Retained Liabilities. If, following the Closing, Buyer or any of its post-Closing Affiliates receives or is the beneficiary of any payment or credit in any form with respect to the Asset Sale Company (other than the Purchased Assets) or DTA that should (or, but for the Closing, would) have been paid or credited to PCC or its Affiliates, Buyer shall forward, or shall cause such post-Closing Affiliate to forward, an amount equal to such payment or credit to PCC within five business days of receipt. If, following the Closing, PCC or any of its post-Closing Affiliates receives any payment in any form with respect to the Purchased Assets that should have been paid to Buyer or its Affiliates, PCC shall forward, or shall cause such post-Closing Affiliate to forward, such payment to Buyer within five business days of receipt.

2.5. Indemnification and Guaranty Agreement.

At the Closing, PCC and Buyer shall, and PCC shall cause the PCC Parent and Buyer shall cause Buyer's Parent to, execute and deliver the Indemnification and Guaranty Agreement.

2.6. Additional Documents.

At the Closing, PCC and Buyer shall, and PCC shall cause the Asset Sale Company and the PCC Parent to, and Buyer shall cause Buyer's Parent to, execute and deliver all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement, including the documents provided in this Article II.

2.7. Partner Status.

It is the desire and intention of the parties that Buyer become, and that the Asset Sale Company withdraw and be released as, a full partner in DTA. To that end, each of PCC and Buyer will use its commercially reasonable efforts to cause the other DTA Partners to execute such documents as may be necessary to (a) admit Buyer as a full partner in DTA, (b) cause the withdrawal of the Asset Sale Company as a full partner in DTA and release the Asset Sale Company from all of its Liabilities under the Consortium Documents (other than any Retained Liabilities), and (c) amend the Transportation Agreement to evidence the foregoing, provided that all such documents and amendments shall provide that the Retained Contract Rights and Retained Liabilities shall remain with the Asset Sale Company.

2.8. Allocation of Assumed Liabilities.

The Assumed Liabilities (to the extent they constitute part of the amount realized for federal Income Tax purposes) shall be allocated among the Purchased Assets in accordance with a schedule to be agreed upon by Buyer and PCC after the Closing Date. Buyer shall prepare such allocation schedule and deliver it to PCC upon a date to be agreed upon between the parties, which date shall be no later than 60 days after the Closing Date. PCC shall be deemed to agree with such allocation schedule unless, within ten (10) days after the date PCC receives the allocation schedule from Buyer, PCC notifies Buyer in writing of (i) each allocation with which it disagrees and (ii) for each such allocation, the amount that PCC proposes to allocate. If PCC provides such notice to Buyer, the parties shall proceed in good faith to resolve mutually the disputed allocation amounts within fifteen (15) days after the date on which PCC notifies Buyer of a disagreement with Buyer's proposed allocation. If PCC and Buyer cannot resolve any such differences, the parties agree to submit such differences to arbitration in Abingdon, Virginia by the accounting firm of Deloitte & Touche, LLP or another accounting firm mutually acceptable to both parties (the "CPA Arbitrator") to resolve such differences. The CPA Arbitrator shall make such review and examination of the relevant facts and documents as the CPA Arbitrator deems appropriate and shall permit each of Buyer and PCC to make a written presentation of their respective positions. Within forty-five (45) days after submission of such dispute by both parties, the CPA Arbitrator shall resolve such dispute in writing and shall prepare and deliver its decision, which shall (i) be based upon a determination of the fair market value of the Purchased Assets, (ii) defer to valuations that have been prepared in accordance with generally accepted valuation techniques absent manifest error, (iii) be final and binding upon the parties without further recourse or collateral attack and (iv) accept either Buyer's or PCC's position in its entirety. The party whose position is not accepted by the CPA Arbitrator shall pay all fees and costs of such CPA Arbitrator to arbitrate such dispute. The allocation schedule shall include, at a minimum, information necessary to complete Part II of IRS Form 8594. The allocation to the Purchased Assets is intended to comply with the requirements of Section 1060 of the Code. The parties shall cooperate to comply with all substantive and procedural requirements of Section 1060 and, after the completion and agreement by the parties to the allocation schedule, such allocation schedule shall be adjusted only if and to the extent necessary to comply with such requirements of Section 1060. Buyer and PCC agree that they will not take nor will they permit any Affiliate to take, for Income Tax purposes, any position inconsistent with such allocation schedule to the Purchased Assets; provided, however, that (i) Buyer's cost for the Purchased Assets may differ from the total amount allocated hereunder to reflect the inclusion in the total cost of items (for example, capitalized acquisition costs) not included in the total amount so allocated and (ii) the amount realized by the Asset Sale Company may differ from the total amount allocated hereunder to reflect transaction costs that reduce the amount realized for federal Income Tax purposes.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PCC

PCC hereby represents and warrants to Buyer that the statements contained in this Article III are correct and complete, except as set forth in the Schedules delivered by PCC to Buyer in connection with this Agreement. The Schedules are arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Article III.

3.1. Incorporation.

PCC and the Asset Sale Company are corporations duly organized, validly existing and in good standing under the Laws of the respective state or commonwealth of each such company's incorporation. PCC is duly qualified or licensed to transact business as a foreign corporation in Virginia and is in good standing under the laws of Virginia. Set forth on Schedule 3.1 is the name of each state or other jurisdiction in which each such company has either paid taxes or had an office in the three years prior to the date of this Agreement.

3.2. Execution, Delivery and Performance.

The execution, delivery and performance by PCC of this Agreement and by PCC and the Asset Sale Company of each other agreement or instrument to which it is a party executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both: (i) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of PCC's or the Asset Sale Company's Articles of Incorporation or Bylaws or of any material franchise, mortgage, deed of trust, Lien, lease, license, instrument, agreement, consent, approval, waiver or understanding to which PCC or the Asset Sale Company is a party or by which the Asset Sale Company is bound, or any Law or any order, judgment, writ, injunction or decree to which PCC or the Asset Sale Company is a party or by which PCC, the Asset Sale Company or the Purchased Assets may be bound or affected; (ii) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or, contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization issued by a Governmental Authority that is held by PCC or the Asset Sale Company or that otherwise relates to the Purchased Assets; or (iii) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which PCC or the Asset Sale Company is subject.

3.3. Authorization.

PCC has full power and authority to enter into and deliver this Agreement and to perform its obligations hereunder and each of PCC, PCC Parent and the Asset Sale Company has full power and authority to enter into and deliver each other agreement or instrument to which it is a party executed in connection herewith and delivered pursuant hereto and to perform its obligations thereunder. PCC's execution, delivery and performance of this Agreement and the execution, delivery and performance of all other agreements and instruments by PCC, PCC Parent and the Asset Sale Company in connection herewith and delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of PCC, PCC Parent and the Asset Sale Company. This Agreement and all other agreements or instruments executed by PCC, PCC Parent or the Asset Sale Company in connection herewith and delivered by PCC, PCC Parent or the Asset Sale Company pursuant hereto have been duly executed and delivered by PCC, PCC Parent or the Asset Sale Company and this Agreement and all other agreements and instruments executed by PCC, PCC Parent or the Asset Sale Company in connection herewith and delivered by PCC, PCC Parent or the Asset Sale Company pursuant hereto constitute the legal, valid and binding obligation of PCC, PCC Parent or the Asset Sale Company, as the case may be, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

3.4. Purchased Assets.

The Asset Sale Company owns a valid interest in the Purchased Assets, including without limitation a 32.5% partnership interest in DTA, free from Liens and restrictions on transfer, other than Permitted Liens.

3.5. DTA Facilities.

To the Knowledge of PCC, the Lease Agreement is a valid and enforceable lease of the Facilities (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights). No rights of the Asset Sale Company under the Lease Agreement have been assigned or otherwise transferred as security for any obligation of the Asset Sale Company. The consummation of the transactions contemplated by this Agreement will not create or constitute, either with or without notice or the passage of time, a default or event of default under the Lease Agreement or require the consent of any other party to the Lease Agreement in order to avoid a default or event of default.

3.6. DTA Permits.

To the Knowledge of PCC, DTA owns or holds all permits, licenses, orders, certificates, registrations, approvals, consents and authorizations (collectively, "Permits") of all Governmental Authorities and all other Permits necessary for the conduct of its business as currently conducted.

3.7. Absence of Changes.

To the Knowledge of PCC, since December 31, 2001, DTA has not:

- (a) borrowed or agreed to borrow any funds or incurred, or become subject to, any Liability, or issued any note, bond or other debt security, or guaranteed any indebtedness for borrowed money or capitalized lease obligation, except Liabilities incurred in the Ordinary Course of Business, none of which would reasonably be expected to result in an impact greater than \$100,000;
- (b) paid any Liability other than current Liabilities in the Ordinary Course of Business;
- (c) sold, transferred or otherwise disposed of, or agreed to sell, transfer or otherwise dispose of any of its assets or properties, or canceled or otherwise terminated, or agreed to cancel or otherwise terminate, other than in the Ordinary Course of Business, any Permits;

- (d) except in the Ordinary Course of Business, entered into any agreement, contract, lease or license (or series of related agreements, contracts, leases or licenses) or made or permitted any material amendment to or termination, acceleration, modification or cancellation of any written contract or agreement to which it is a party or breached any provision of any such contract or agreement;
- (e) merged or consolidated with any other Person;
- (f) mortgaged, pledged or subjected to any Lien any of its assets or properties;
- (g) made any capital expenditure (or series of related capital expenditures) (x) involving more than \$100,000 or (y) outside the Ordinary Course of Business;
- (h) made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans and acquisitions) either (x) involving \$100,000 or (y) outside the Ordinary Course of Business;
- (i) delayed or postponed the payment of accounts payable and other Liabilities outside the Ordinary Course of Business;
- (j) cancelled, compromised, waived or released any right or claim (or series of related rights and claims) either (x) involving more than \$100,000 or (y) outside the Ordinary Course of Business;
- (k) made any loan to, or entered into any other transaction with, any of the partners, managers or employees of DTA outside the Ordinary Course of Business;
- (l) entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract;

- (m) except in the Ordinary Course of Business adopted, amended, modified or terminated any bonus, profit-sharing, incentive, severance or other plan, contract or commitment for the benefit of any of employees of DTA, or taken any such action with respect to any other employee benefit plan;
- (n) made any other change in employment terms for any of the managers or employees of DTA outside the Ordinary Course of Business;
- (o) suffered any damage, destruction or loss (excluding operating losses), whether or not covered by insurance, that has had or would reasonably be expected to have a Material Adverse Effect;
- (p) implemented or adopted any change in its accounting methods or principles or the application thereof; or
- (q) entered into any agreement, arrangement or understanding with respect to any of the foregoing.

3.8. Assigned Contracts.

- (a) PCC has made available to Buyer copies of all of the written Assigned Contracts, or a written summary setting forth the terms and conditions where no copies exist, including all amendments, modifications, waivers and elections applicable thereto. The Assigned Contracts are all of the agreements related to the Purchased Assets to which the Asset Sale Company or PCC Parent is a party.
- (b) As to the Asset Sale Company party thereto: (i) the Assigned Contracts are valid and binding, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights), and are in full force and effect; (ii) the consummation of the transactions contemplated herein will not, with or without the giving of notice or the passage of time, or both, conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under the Assigned Contracts; (iii) the Asset Sale Company is not, nor to the Knowledge of PCC, is any other party in material breach or default, and no event has occurred that, with notice or lapse of time, would constitute a breach or default, or permit termination, modification or acceleration, under the Assigned Contracts; and (iv) the Asset Sale Company has not, nor to the Knowledge of PCC has any other party, repudiated any provision of the Assigned Contracts.

(c) Schedule 3.8(c) sets forth the consents and approvals of third parties and Governmental Authorities required to be obtained as a result of the transactions contemplated by this Agreement. PCC has provided the written notices of right of first refusal to all general partners of DTA as specified in Sections 7.2(ii)(a),(b),(c) and (d) of the Consortium Agreement and the time periods applicable to each right of first refusal have expired without notice being made by any such partner of its exercise of any such right.

3.9. Litigation; Claims.

Schedule 3.9 lists all claims, legal actions, suits, litigation, arbitrations, disputes, investigations, proceedings by or before any Governmental Authority involving more than \$100,000 and all orders, decrees or judgments, now pending or in effect, or, to the Knowledge of PCC, threatened or contemplated, against or affecting the Asset Sale Company, the Purchased Assets or the consummation of the transactions contemplated by this Agreement, except to the extent involving Taxes for Pre-Closing Periods.

3.10. Legal Compliance.

As it may affect the Purchased Assets, the Asset Sale Company and its predecessors and Affiliates and, to the Knowledge of PCC, DTA, have complied in all material respects with all Laws as presently in effect, and no material action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice is pending against any of the Asset Sale Company and its predecessors and Affiliates or, to the Knowledge of PCC, DTA, alleging any failure so to comply.

3.11. Environmental Compliance.

- (a) To the Knowledge of PCC, DTA is in material compliance with all Environmental Laws related to the Facilities.
- (b) To the Knowledge of PCC, (A) none of the Facilities has been or is being used in any manner associated with the production, manufacture, processing, generation, storage, treatment, disposal, management, shipment or transportation of Hazardous Substances and none of such Facilities is Contaminated by any Hazardous Substance; (B) there are no underground storage tanks regulated pursuant to RCRAss.9001 (42 U.S.C.ss. 6991) or equivalent authorized state program, and no above ground storage tanks, located at, on, in or under the Facilities; (C) there is no asbestos-containing material in any form or condition located at, on, in or under the Facilities; (D) there are no materials or equipment containing polychlorinated biphenyls located at, on, in or under the Facilities, (E) there are no landfills or other areas located at, on, in or under the Facilities where Hazardous Substances have been disposed; and (F) DTA has not disposed of any Hazardous Substance at any offsite disposal area located on the property of any other Person, other than a facility permitted by any Governmental Authority with jurisdiction to receive such Hazardous Substance.

(c) To the Knowledge of PCC, DTA has not, with respect to the Facilities, either expressly or by operation of Law, assumed or undertaken any Liability, including without limitation, any Liability for corrective or remedial action, of any other Person relating to any Environmental Laws.

3.12. No Broker.

None of the Asset Sale Company, PCC or the PCC Parent has had any dealings, negotiations or communications with or retained any broker or other intermediary in connection with the transactions contemplated by this Agreement and none of the foregoing is committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby, other than Rothschild Inc., who shall be compensated solely by PCC or an Affiliate of PCC.

3.13. Powers of Attorney.

There are no outstanding powers of attorney executed on behalf of the Asset Sale Company affecting the Purchased Assets.

3.14. Transactions With Affiliates.

The Assigned Contracts do not include any Liability between the Asset Sale Company and any Affiliate of the Asset Sale Company. At the Closing, the Purchased Assets will not include any receivable or other Liability from an Affiliate of the Asset Sale Company.

3.15. Absence of Certain Payments.

During the five (5) year period prior to the date of this Agreement, to the knowledge of PCC, neither the Asset Sale Company nor DTA has (nor has any director, officer, agent, or employee of the Asset Sale Company or DTA nor any other person, acting on behalf of the Asset Sale Company or DTA) directly or indirectly: used any of such company's funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from such company's funds; violated any provision of the Foreign Corrupt Practices Act of 1977 applicable to such company; established or maintained any unlawful or unrecorded fund of such company's monies or other assets; made any false or fictitious entry on the books or records of such company; or made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment, to any person or entity, private or public, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions for such company, or to pay for favorable treatment for business secured or for special concessions already obtained for such company.

3.16. Disclosure.

The representations and warranties contained in this Article III do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article III not misleading.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to PCC that:

4.1. Organization.

Buyer is a duly formed limited liability company, validly existing and in good standing under the Laws of the State of Delaware.

4.2. Execution, Delivery and Performance.

The execution, delivery and performance of this Agreement and each other agreement or instrument executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both, (i) conflict with, or result in a violation or breach of, or a default, right to accelerate or loss of rights under, or result in the creation of any Lien, under or pursuant to, any provision of Buyer's organizational documents or of any franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding, any Law, or any finding, order, judgment, writ, injunction or decree to which Buyer is a party or by which Buyer or its respective assets may be bound or affected; or (ii) require the approval, consent or authorization of, or prior notice to, filing with or registration with, any Governmental Authority, or any other Person or entity.

4.3. Authorization.

Buyer has full power and authority to enter into and deliver this Agreement and to perform its obligations hereunder, and each of Buyer and Buyer's Parent has full power and authority to enter into and deliver each other agreement or instrument to which it is a party executed in connection herewith or delivered pursuant hereto and to perform its obligations thereunder. Buyer's execution, delivery and performance of this Agreement and the execution, delivery and performance of all other agreements and instruments by Buyer and Buyer's Parent in connection herewith or delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite action on the part of Buyer and Buyer's Parent. This Agreement and all other agreements or instruments executed by Buyer or Buyer's Parent in connection herewith or delivered by Buyer or Buyer's Parent pursuant hereto have been duly executed and delivered by Buyer and this Agreement and all other agreements and instruments executed by Buyer or Buyer's Parent in connection herewith or delivered by Buyer pursuant hereto constitute the legal, valid and binding obligation of Buyer or Buyer's Parent, as the case may be, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

4.4. No Broker.

Buyer has had no dealings, negotiations or communications with any broker or other intermediary in connection with the transactions contemplated by this Agreement nor is it committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby.

4.5. Reclamation and Environmental Compliance.

Buyer and all operators it owns or controls are in compliance with all Environmental Laws in all material respects.

4.6. Financing.

Buyer will have available to it, at the Closing, financial resources sufficient to consummate the transactions contemplated by this Agreement.

4.7. Disclosure.

The representations and warranties contained in this Article IV do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article IV not misleading.

ARTICLE V
CERTAIN COVENANTS

5.1. Operation in Ordinary Course.

Except as provided in this Agreement, between the date of this Agreement and the Closing, PCC shall cause the Asset Sale Company, in relation to the Purchased Assets, to: (i) carry on its business in the Ordinary Course of Business; (ii) use commercially reasonable efforts to preserve intact its current business organization and properties until the Closing Date, and maintain the relations and good will with its suppliers, customers, landlords, creditors, agents, and others having business relationships with the Asset Sale Company; (iii) not enter into any contract or other obligation binding upon the Asset Sale Company involving its employees, any union, or an expenditure, purchase, sale, cost or commitment (unless such contract is cancelable in thirty or fewer days, involves less than \$100,000, or is for consumable purchases) without the prior written consent of Buyer; and (iv) report regularly to Buyer concerning the status of the business and finances of the Asset Sale Company.

5.2. Compliance with Law.

Between the date of this Agreement and the Closing, the Asset Sale Company shall comply in all material respects with all applicable Laws and with all orders of any Governmental Authority.

5.3. Cooperation.

Subject to the terms and conditions herein provided, each of PCC and Buyer agrees to use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper and advisable under Law, to consummate and make effective the transactions contemplated by this Agreement, including obtaining the consents, approvals and releases required by Sections 2.7, 6.1 and 6.3. In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, PCC and Buyer will, and PCC will cause the Asset Sale Company and the PCC Parent to, execute any additional instruments reasonably necessary to consummate the transactions contemplated hereby.

5.4. Notices and Consents.

PCC and Buyer each will use their commercially reasonable efforts to obtain consents of all Governmental Authorities and other third parties necessary to the consummation of the transactions contemplated by this Agreement. PCC and Buyer will use their commercially reasonable efforts to cause the other DTA Partners to (a) execute such documents as may be necessary to admit Buyer, and cause the withdrawal and release of the Asset Sale Company, as a full partner in DTA and (b) amend the Transportation Agreement to evidence the foregoing. PCC shall have responsibility for providing any notices to third parties that may be required by the transactions contemplated by this Agreement and for obtaining, or causing to be obtained, at its sole cost and expense, the consents listed on Schedule 5.4(a) and Buyer shall have responsibility for obtaining, at its sole cost and expense, all consents listed on Schedule 5.4(b).

5.5. Publicity.

All general notices, releases, statements and communications to any employees, suppliers, distributors and customers of the Asset Sale Company, to the general public and to the press relating to the transactions contemplated by this Agreement shall be made only at such times and in such manner as may be mutually agreed upon by PCC and Buyer; provided, however, that either party hereto (or, in the case of PCC, the PCC Parent) shall be entitled to make a public announcement of the foregoing if: (a) in the opinion of its legal counsel, such announcement is required to comply with Law or any listing agreement with any national securities exchange or inter-dealer quotation system; and (b) such disclosing party gives a reasonable period of notice and opportunity to comment to the other party hereto of its intention to make such public announcement; provided that, failure to comment within 24 hours of receipt of such notice shall be deemed a waiver of the opportunity to comment; and provided, further, that nothing in this Section 5.5 shall operate to prohibit the Asset Sale Company or Buyer from communicating, after the Closing Date, with their respective suppliers, distributors, customers and Governmental Authorities the fact that the transaction has occurred or to employees regarding their employment or the terms and conditions thereof, the operation of the Purchased Assets or matters necessarily related thereto.

5.6. Exclusivity.

PCC will not (nor will it cause or permit the Asset Sale Company or the PCC Parent to) (i) solicit, initiate or encourage the submission of any proposal or offer from any Person relating directly or indirectly to the acquisition of the Purchased Assets, or any portion thereof, or (ii) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any Person to do or seek any of the foregoing. PCC will notify Buyer immediately if any Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing.

5.7. Access.

At or prior to the Closing Date, PCC will permit (and will cause the Asset Sale Company to permit) representatives of Buyer to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Company, to all premises, properties, personnel, books, records (including Tax records), contracts and documents of or pertaining to the Purchased Assets. Copies of and access to accounting records, ledgers and other pertinent documents or work papers related to the Purchased Assets will be made available to Buyer at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Company, upon request.

5.8. Notice of Developments.

Each party will give prompt written notice to the other party of any material adverse development causing a breach of any of its own representations and warranties in Article III and Article IV above. No disclosure by any party pursuant to this Section 5.8, however, shall be deemed to amend or supplement the Schedules to such representations and warranties or to prevent or cure any misrepresentation, breach of warranty or breach of covenant.

5.9. Further Assurances.

The parties shall cooperate in a commercially reasonable manner with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated.

5.10. Voting Agreement.

(a) In furtherance of the desire of the parties that Buyer have all the rights of a full partner in DTA, PCC hereby agrees that, from and after the Closing Date, until such time as Buyer shall have been admitted as a full partner in DTA, PCC shall, or shall cause the Asset Sale Company to, give Buyer prior written notice of any matter submitted to the DTA partners (whether such matter is submitted to a vote, written consent or other approval) (a "Partner Matter"). The notice provided to Buyer shall include a description of the Partner Matter and the date and time fixed for taking action on such Partner Matter, and such notice shall be given no later than the earlier of (a) two days after the Asset Sale Company becomes aware (whether by written notice or otherwise) of any Partner Matter to be submitted to the DTA partners for consideration and (b) prior to the time any action is taken on such Partner Matter. As soon as practicable following receipt of such notice by Buyer, and in any event no later than the time specified for action in such notice, Buyer shall inform PCC or the Asset Sale Company in writing of how Buyer would elect to vote, whether Buyer would grant consent or approval, or how Buyer would elect to act on the Partner Matter and PCC shall cause the Asset Sale Company to vote its interest as a partner in DTA as Buyer may so instruct, subject to the Retained Contract Rights and Section 5.10(b) hereof. Alternatively, at Buyer's request, the Asset Sale Company shall appoint a person designated by Buyer, in its sole discretion, as the agent of the Asset Sale Company (the "Buyer Designee"), pursuant to the Consortium Agreement and the other Consortium Documents, to (i) receive all notices regarding Partner Matters, (ii) attend or otherwise participate in any meetings of the DTA Partners and (iii) vote on Partner Matters, subject to the Retained Contract Rights and Section 5.10(b) hereof. Buyer agrees to, or to cause the Buyer Designee to: (i) send a copy of each written notice received by the Buyer Designee regarding a Partner Matter within two days after receipt of such notice to the Asset Sale Company; (ii) when possible, give the Asset Sale Company an opportunity to have a representative observe meetings of the DTA partners; and (iii) deliver to the Asset Sale Company a written summary of all actions taken with respect to a Partner Matter within two days of such action. Buyer agrees to indemnify and hold harmless the Pittston Indemnified Persons from any and all Adverse Consequences resulting from actions by the Asset Sale Company pursuant to this Section 5.10 or by the Buyer Designee (as such terms are defined in the Indemnification and Guaranty Agreement). On the Closing Date, Buyer shall, and PCC shall cause the Asset Sale Company to, enter into the Voting Agreement. The parties acknowledge and agree that the Voting Agreement shall be assignable by Buyer to a third party Transferee in connection with a Transfer pursuant to Section 5.11 or to an Affiliate.

(b) Pursuant to this Asset Purchase Agreement, the Asset Sale Company has retained as part of the Retained Contract Rights any and all rights to take, and to cause DTA to take or prevent DTA from taking, any action in respect of the Retained Contract Rights, the Loan Agreement or the DTA Revenue Bonds. In the event Buyer exercises its rights under the Voting Agreement, Buyer shall not, and shall not permit DTA to, take any action in respect of the Retained Contract Rights, the Loan Agreement, the DTA Revenue Bonds, or any other action that creates a Liability for the Asset Sale Company related to the DTA Revenue Bonds. Further, Buyer shall not, and shall not permit DTA to, breach any provision or covenant contained in Sections 2.2(f), 3.2, 6.1, 6.3 and 6.4 of the Loan Agreement.

5.11. Subsequent Transfer of Purchased Assets.

If, at any time following the Closing Date, but prior to the time that Buyer has been admitted (and the Asset Sale Company released) as a full partner in DTA, Buyer (or any of its Affiliates) desires to sell, assign or otherwise transfer (a "Transfer") all or any portion of the Purchased Assets to another Person (the "Transferee"), then Buyer shall provide written notice of such proposed Transfer to PCC, together with a copy of the most recent financial statements of such Transferee, which PCC shall agree to keep confidential and not use for any purpose other than evaluating the creditworthiness of the Transferee. Provided that the net assets (i.e., total assets minus total liabilities) of the Transferee as of the date of such most recent financial statements and as of the date of such Transfer is not less than \$25,000,000, then PCC shall consent to such Transfer and shall, and shall cause the Asset Sale Company to, take all actions as may be reasonably requested by Buyer to effect the Transfer and use its commercially reasonable efforts to cause the Transferee to be admitted as a full partner of DTA (and, in the event the Transferee is not so admitted as a DTA Partner, to provide the Transferee with the same rights and benefits as provided to Buyer hereunder in respect of the Purchased Assets and the Asset Sale Company's partnership interest in DTA, including without limitation, the rights set forth in the Voting Agreement); each of Buyer and PCC shall be required to bear its own costs and expenses of all such actions only in respect of one such Transfer (regardless of whether such Transfer involves a transfer of all or a portion of Buyer's interest in DTA), and Buyer shall be required to bear the costs and expenses of all such actions (and shall reimburse PCC and the Asset Sale Company promptly upon request for any expense reasonably incurred by them in connection with such actions) with respect to any additional Transfer of Purchased Assets.

ARTICLE VI
CONDITIONS PRECEDENT TO CLOSING

6.1. Conditions Precedent to Each Party's Obligations.

The respective obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

(a) no action, suit, proceeding, order, decree or injunction shall have been commenced, threatened or entered by or before any Governmental Authority that remains in force and that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business on or after the Closing Date;

(b) PCC Parent, PCC, Buyer and Buyer's Parent shall have executed and delivered to each other party thereto the Indemnification and Guaranty Agreement and any other documentation required in all transactions contemplated or covered by such agreement, in form and substance as set forth in Exhibit C attached hereto and the same shall be in full force and effect;

(c) All other transactions pursuant to which Buyer or any of its Affiliates acquire assets related to the Business shall have been consummated prior to or simultaneously with the transactions contemplated by this Agreement;

(d) PCC and Buyer shall have executed and delivered to each other all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement; and

(e) PCC shall have obtained, or caused to have been obtained, the consents listed in Schedule 6.1(e)(i) and PCC shall have provided such payments and/or assurances as may be reasonably required to obtain all such consents. Buyer shall have obtained, or caused to have been obtained, the consents listed in Schedule 6.1(e)(ii) and Buyer shall have provided such payments, guarantees and/or assurances as may be reasonably required to obtain all such consents.

6.2. Conditions Precedent to Obligations of Buyer.

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

(a) all of the representations and warranties of PCC set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality (whether by reference to "Material Adverse Effect" or otherwise), shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be true and correct does not have a Material Adverse Effect; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and Buyer shall have received the PCC Closing Certificate required by Section 6.2(g) below dated as of the Closing Date executed by PCC to such effect;

(b) all of the covenants and obligations that PCC is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;

(c) all proceedings and actions, corporate or other, to be taken by PCC, the Asset Sale Company or PCC Parent in connection with the transactions contemplated by this Agreement and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to Buyer and Buyer's counsel;

(d) PCC shall have, and shall have caused the Asset Sale Company to have, executed and delivered the Assignment and Assumption Agreements and such other documents as may be necessary to convey to Buyer the Purchased Assets;

(e) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;

(f) Buyer shall have received an opinion of counsel to PCC addressed to Buyer substantially in the form of Exhibit E; and

(g) Buyer shall have received an executed copy of the PCC Closing Certificate.

6.3. Conditions Precedent to Obligations of PCC.

The obligation of PCC to consummate and cause the consummation of the transactions contemplated by this Agreement is subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

(a) all of the representations and warranties of Buyer set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality, shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be true and correct does not have a material adverse effect on Buyer's ability to consummate the transactions contemplated by this Agreement or fulfill its post-Closing obligations hereunder; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and PCC shall have received Buyer's Closing Certificate required by Section 6.3(g) below dated as of the Closing Date executed by Buyer to such effect;

(b) all of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;

(c) all proceedings and actions, corporate or other, to be taken by Buyer and Buyer's Parent in connection with the transactions contemplated by this Agreement, and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to PCC and its counsel;

(d) Buyer shall have executed and delivered the Assignment and Assumption Agreements (subject to Section 2.7) and such other documents as may be necessary for Buyer to assume all of the Assumed Liabilities;

(e) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;

(f) PCC shall have received an opinion of counsel to Buyer addressed to PCC substantially in the form of Exhibit F;

(g) PCC shall have received an executed copy of Buyer's Closing Certificate; and

(h) PCC and PCC Parent shall have been released from all requirements and obligations related to the Assumed Liabilities for the period after the Closing Date.

ARTICLE VII
CERTAIN TAX MATTERS

7.1. Distributive Share of DTA for 2002.

Within 15 days after Closing, if Buyer has been admitted as a partner in DTA, PCC and Buyer agree that they shall jointly request DTA to determine each DTA partner's (including Buyer) 2002 distributive share of any item of income, gain, loss, deduction or credit of the partnership by not only closing the books at year end, but also by determining the distributive share of the items noted as if the books were closed on the Closing Date. The intent under this section is not to simply allocate such items between PCC and Buyer based upon the number of days of partnership interest ownership in calendar year 2002.

7.2. Transfer Taxes.

All transfer, recording and similar Taxes arising in connection with the transactions contemplated hereunder shall be borne equally by PCC and Buyer. PCC and Buyer shall (and they shall cause their respective Affiliates to) cooperate to comply with all Tax Return requirements for such Taxes and provide such documentation and take such other actions as may be necessary to minimize the amount of any such Taxes.

7.3. Access for Tax Returns.

Following the Closing Date, Buyer shall, at reasonable times, and in a manner so as not to interfere with normal business operations, allow PCC (and if requested by PCC, representatives of federal, state or local agencies) access to the Purchased Assets for purposes of reviewing information pertinent to any Tax Return filed by PCC Parent or any of its Affiliates, including the Asset Sale Company.

ARTICLE VIII
TERMINATION

8.1. Termination.

This Agreement may be terminated prior to the Closing Date only as follows:

(a) by mutual written consent of PCC and Buyer;

(b) by either PCC or Buyer, if the Closing Date shall not have occurred prior to the close of business on December 31, 2002 or such later date as the parties may agree in writing (provided, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause, in whole or in part, of, or has resulted in, the failure of the conditions in Article VI to be satisfied and the Closing Date to occur on or before such date);

(c) by PCC or Buyer if an action, suit, or proceeding, shall have been commenced or threatened by or before any Governmental Authority, or any order, decree or injunction shall have been entered therein, that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business;

(d) by Buyer if (i) the representations of PCC contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure or (ii) PCC has failed to comply materially with its respective obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure; or

(e) by PCC if (i) the representations of Buyer contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from PCC to Buyer of such failure or (ii) Buyer has failed to comply materially with its obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from the PCC to Buyer of such failure.

8.2. Effect of Termination.

If this Agreement is terminated pursuant to Section 8.1 hereof, all further obligations of the parties under or pursuant to this Agreement shall terminate without further Liability of either party to the other except: (a) as set forth in Section 9.4; and (b) for breaches of representations, warranties, or covenants or for fraud. PCC and Buyer hereby agree that the provisions of this Section 8.2 and of Section 9.4 shall survive any termination of this Agreement pursuant to the provisions of this Article VIII.

ARTICLE IX
MISCELLANEOUS

9.1. Entire Agreement.

This Agreement, the documents referred to herein and to be delivered pursuant hereto and any other agreement entered into contemporaneously with this Agreement among PCC, PCC Parent, Buyer and Buyer's Parent or the Affiliates of any of them constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein or therein.

9.2. Amendment.

This Agreement may be amended by an instrument in writing and signed on behalf of all of the parties hereto at any time.

9.3. Extension; Waiver.

At any time prior to the Closing Date, the parties may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document, certificate or writing delivered pursuant hereto or (iii) waive compliance with any of the agreements or conditions contained herein, other than the conditions contained in Section 6.1(a) hereof as it relates to the entry of an order in any proceeding by or before a Governmental Authority. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in an instrument in writing and signed on behalf of such party.

9.4. Expenses.

Whether or not the transactions contemplated by this Agreement are consummated, each of the parties hereto shall pay the fees and expenses of their respective counsel, investment bankers, financial advisors, accountants and other experts and the other expenses incident to the negotiation and preparation of this Agreement and consummation of the transactions contemplated hereby.

9.5. Bulk Sales Waiver.

Buyer hereby waives compliance with all applicable bulk sales Laws.

9.6. Governing Law.

This Agreement shall be construed and interpreted according to the Laws of the Commonwealth of Virginia, without regard to the conflicts of Law rules thereof.

9.7. Assignment.

This Agreement and each party's respective rights hereunder may not be assigned at any time except as expressly set forth herein without the prior written consent of the other party, provided that PCC may assign its rights hereunder to any Affiliate of PCC after the Closing Date without the consent of Buyer and Buyer may assign its rights hereunder to any Affiliate of Buyer prior to, at or after the Closing Date without the consent of PCC and, further provided, that nothing in this Agreement shall prevent a successor in interest to either party from enforcing the provisions of this Agreement.

And a copy to: Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.
Facsimile: (804) 344-7999

If to Buyer: Alpha Terminal Company, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President
Facsimile:

With a copy to: First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger
Facsimile:

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison
Facsimile:

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.
Facsimile:

9.9. Counterparts; Headings.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. The Table of Contents and Article and Section headings in this Agreement are inserted for convenience of reference only and shall not constitute a part hereof.

9.10. Interpretation; Construction.

(a) Unless the context requires otherwise, all words used in this Agreement in the singular number shall extend to and include the plural, all words in the plural number shall extend to and include the singular and all words in any gender shall extend to and include all genders.

(b) This Agreement has been fully negotiated by the parties hereto and shall not be construed by any Governmental Authority or arbitrator against either party as the drafting party.

9.11. Severability.

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

9.12. No Reliance.

No third party is entitled to rely on any of the representations, warranties and agreements contained in this Agreement and PCC and Buyer assume no Liability to any third party because of any reliance on the representations, warranties and agreements of PCC and Buyer contained in this Agreement, other than Section 5.5 hereof, which are intended to be for the benefit of the Persons expressly covered thereby and may be enforced by such Persons.

9.13. Retention of and Access to Records.

After the Closing Date, Buyer shall retain for a period consistent with Buyer's record retention policies and practices those books and records relating to the Asset Sale Company delivered to Buyer. Buyer also shall provide to PCC and its Affiliates reasonable access thereto, during normal business hours and on at least three days' prior written notice, to enable them to prepare financial statements or Tax Returns or deal with Tax audits or litigation. Buyer shall deliver to PCC at least thirty days written notice prior to the destruction or other disposal of any such books and records. PCC and its Affiliates may elect to take delivery of any such books and records that Buyer intends to destroy or otherwise dispose of and to copy any such books and records that Buyer intends to keep, all at their own expense.

9.14. Arbitration.

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute"), excluding any dispute or disagreement among the parties concerning the allocation of the Assumed Liabilities, which shall be resolved pursuant to Section 2.8, or with respect to the Voting Agreement, which shall be resolved pursuant to the provisions thereof, shall be decided by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to select an arbitrator within fourteen calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Section 9.14 shall be the exclusive means to resolve all Disputes.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development
and Technical Resources

ALPHA TERMINAL COMPANY, LLC

By: /s/ Eddie Neely

Name: Eddie Neely
Title: Vice President

PITTSTON COAL COMPANY
448 N. E. Main Street
Lebanon, Virginia 24266

December 13, 2002

Alpha Terminal Company, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212

Ladies and Gentlemen:

Reference is made to the Asset Purchase Agreement (the "Agreement"), dated as of October 29, 2002, as amended to but not including the date hereof by and between Pittston Coal Company ("PCC") and Alpha Terminal Company, LLC ("Buyer"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Agreement.

PCC and Buyer desire to amend certain provisions of the Agreement and, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Section 1.61 of the Agreement is amended by inserting immediately after "November 15, 1992" at the end of Section 1.61 of the Agreement with the following:

", and the Fourth Amendment thereto, dated as of June 2, 1994"
2. The Schedules to the Agreement are hereby amended and restated in their entirety as attached hereto as Exhibit A.
3. Except as amended by this letter agreement, the Agreement shall continue in full force and effect.
4. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any executed counterpart of this letter agreement or other signature hereto delivered by a party by facsimile shall be deemed for all purposes as being good and valid execution and delivery of this letter agreement by such party.

Sincerely,

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development
and Technical Resources

ACKNOWLEDGED AND AGREED:

ALPHA TERMINAL COMPANY, LLC

By: /s/ Eddie Neely

Name: Eddie Neely
Title: Vice President

INDEMNIFICATION AND GUARANTY AGREEMENT, dated as of December 13, 2002, by and among PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), THE PITTSTON COMPANY, a Virginia corporation ("Pittston"), ALPHA NATURAL RESOURCES, LLC, a Delaware limited liability company ("Buyer's Parent") and ALPHA TERMINAL COMPANY, LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, Buyer and PCC have entered into an asset purchase agreement dated October 29, 2002 (such agreement, together with the Exhibits and Schedules attached thereto, as the same may be amended from time to time in accordance with the terms thereof, being hereinafter referred to as the "Acquisition Agreement"), pursuant to which Buyer will purchase or acquire from PCC and certain of its Affiliates certain assets, and assume certain liabilities, all upon the terms and subject to the conditions set forth in the Acquisition Agreement;

WHEREAS, PCC and Buyer desire to provide for the terms upon which they will indemnify each other with respect to certain matters relating to the transactions contemplated by the Acquisition Agreement;

WHEREAS, Pittston owns, indirectly, all of the outstanding capital stock of PCC and, as an inducement to Buyer to enter into the Acquisition Agreement, has agreed to guarantee the obligations of PCC and certain of PCC's Affiliates under this Agreement and the Acquisition Agreement; and

WHEREAS, Buyer's Parent owns all of the outstanding membership interests of Buyer and, as an inducement to PCC to enter into the Acquisition Agreement, has agreed to guarantee the obligations of Buyer under this Agreement and the Acquisition Agreement;

NOW, THEREFORE, in consideration of the premises and mutual agreements, covenants and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified below. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings specified in the Acquisition Agreement.

1.1. Acquisition Agreement.

"Acquisition Agreement" shall have the meaning set forth in the Recitals to this Agreement.

1.2. Adverse Consequences.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

1.3. Basket.

"Basket" shall have the meaning set forth in Section 2.1(b)(i) hereof.

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1.4. Buyer.

"Buyer" shall have the meaning set forth in the preamble to this Agreement.

1.5. Buyer Indemnified Persons.

"Buyer Indemnified Persons" shall mean Buyer, its Affiliates (including, after Closing, one or more Buyer Affiliates formed to hold the Virginia coal operations of PCC acquired pursuant to the Acquisition Agreement), and their respective members, directors, officers, employees, consultants, agents, attorneys and representatives.

1.6. Buyer's Parent.

"Buyer's Parent" shall have the meaning set forth in the preamble to this Agreement.

1.7. Buyer's Parent Guaranty.

"Buyer's Parent Guaranty" shall have the meaning set forth in Section 3.2 hereof.

1.8. Claim Notice.

"Claim Notice" shall have the meaning set forth in Section 2.3(b) hereof.

1.9. Dispute.

"Dispute" shall have the meaning set forth in Article VII hereof.

1.10. Indemnified Party.

"Indemnified Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.11. Indemnifying Party.

"Indemnifying Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.12. Other Acquisition Agreements.

"Other Acquisition Agreements" shall mean the agreements set forth on Schedule A attached hereto.

1.13. Other Indemnification Agreements.

"Other Indemnification Agreements" shall mean the agreements set forth on Schedule B attached hereto.

1.14. PCC.

"PCC" shall have the meaning set forth in the preamble to this Agreement.

1.15. Pittston.

"Pittston" shall have the meaning set forth in the preamble to this Agreement.

1.16. Pittston Guaranty.

"Pittston Guaranty" shall have the meaning set forth in Section 3.1 hereof.

1.17. Pittston Indemnified Persons.

"Pittston Indemnified Persons" shall mean Pittston, PCC, the Asset Sale Companies and their respective directors, officers, employees, agents, stockholders and their respective Affiliates, and their respective directors, officers, employees, consultants, agents, attorneys and representatives.

ARTICLE II
INDEMNIFICATION

2.1. Indemnification by PCC.

(a) PCC agrees to indemnify and hold harmless Buyer Indemnified Persons from and against, and reimburse them for, any and all Adverse Consequences that any Buyer Indemnified Persons may suffer or incur or become subject to as a result of:

(i) the inaccuracy or breach of any representation or warranty made by PCC to Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with the terms shall not be deemed without more to have caused a breach of any representation or warranty);

(ii) any failure by PCC to carry out, perform, satisfy or discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement (other than Article VII thereof);

(iii) any failure by PCC to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under Article VII of the Acquisition Agreement; and

(iv) any failure by PCC or the Asset Sale Company to satisfy the Retained Liabilities.

(b) Notwithstanding the provisions of Section 2.1(a), PCC shall not be required to indemnify any of Buyer Indemnified Persons with respect to the matters described in Sections 2.1(a)(i) and 2.1(a)(ii):

(i) unless and until the sum of (A) the Adverse Consequences for which indemnification pursuant to (1) Sections 2.1(a)(i) and 2.1(a)(ii) or (2) in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by Buyer to obtain any of the consents listed on Schedule 6.1(e)(i) of the Acquisition Agreement or in Schedule 6.1(e)(i) of the Other Acquisition Agreements, shall exceed \$100,000 (the "Basket"), in which case the entire amount of such Adverse Consequences is recoverable;

(ii) unless the right to indemnity is asserted pursuant to Section 2.3 on or before the second anniversary of the Closing Date for any other matter described in Section 2.1(a)(i) or (ii); and

(iii) for any matter, to the extent that the aggregate amount of the Adverse Consequences for which Buyer Indemnified Persons have been indemnified pursuant to Sections 2.1(a)(i) and 2.1(a)(ii) or in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements exceeds \$15,000,000 (the "Cap").

(c) Notwithstanding the foregoing, PCC agrees that any claim by a Buyer Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of PCC's representations specified in Sections 3.1, 3.2, 3.3, 3.4 and 3.12 of the Acquisition Agreement or (ii) pursuant to Section 2.1(a)(iii), shall not be subject to the provisions of paragraph (b) of this Section 2.1.

(d) PCC agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Buyer Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Buyer Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.2. Indemnification by Buyer.

(a) Buyer agrees to indemnify and hold harmless Pittston Indemnified Persons from and against and reimburse them for, any and all Adverse Consequences that any Pittston Indemnified Persons may suffer or incur or become subject to as a result of:

(i) the inaccuracy or breach of any representation or warranty made by Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with its terms shall not be deemed without more to have caused a breach of any representation or warranty);

(ii) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement (other than Article VII thereof);

(iii) the ownership of the Purchased Assets on or after the Closing Date;

(iv) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under Article VII of the Acquisition Agreement;

(v) any liability that any Pittston Indemnified Person may suffer or incur or become subject to as a result of (A) any action taken by the Asset Sale Company pursuant to the Voting Agreement; and (B) any action taken by the Buyer Designee; and

(vi) any failure by Buyer to satisfy the Assumed Liabilities.

(b) The foregoing notwithstanding, Buyer shall not be required to indemnify any Pittston Indemnified Persons with respect to the matters described in Sections 2.2(a)(i) and 2.2(a)(ii):

(i) unless and until the sum of (A) Adverse Consequences for which indemnification pursuant to (1) Sections 2.2(a)(i) and 2.2(a)(ii) or (2) in Sections 2.2(a)(i) and 2.2(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by PCC to obtain any of the consents listed on Schedule 6.1(e)(ii) of the Acquisition Agreement or in Schedule 6.1(e)(ii) of the Other Acquisition Agreements, shall exceed the Basket, in which case the entire amount of such Adverse Consequences is recoverable;

(ii) unless the right to indemnity is asserted on or before the second anniversary of the Closing Date pursuant to Section 2.3; and

(iii) for any matter, to the extent that the aggregate amount of Adverse Consequences for which the Pittston Indemnified Persons have been indemnified pursuant to Sections 2.2(a)(i) and 2.2(a)(ii) or in Sections 2.2(a)(i) and 2.2(a)(ii) of the Other Indemnification Agreements exceeds the Cap.

(c) Notwithstanding the foregoing, Buyer agrees that any claim by a Pittston Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of Buyer's representations specified in Sections 4.1, 4.2, 4.3 and 4.4 of the Acquisition Agreement or (ii) pursuant to Sections 2.2(a)(iii) through 2.2(a)(vi), shall not be subject to the provisions of paragraph (b) of this Section 2.2.

(d) Notwithstanding the foregoing, nothing in Section 2.2(a)(iii) shall diminish the right of any Buyer Indemnified Person to seek indemnification from PCC after the Closing Date pursuant to the terms of this Agreement.

(e) Buyer agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Pittston Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Pittston Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.3. Indemnification Procedures.

(a) All claims for indemnification under this Agreement shall be asserted and resolved pursuant to this Section 2.3.

(b) Each party entitled to indemnification under this Agreement (the "Indemnified Party") shall give notice (a "Claim Notice") to the party required to provide such indemnification (the "Indemnifying Party") promptly after such Indemnified Party has notice of any Adverse Consequence which may give rise to a claim for indemnification against the other party under this Agreement, provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced. The Indemnified Party shall not be required to commence litigation or take any action against any third party prior to delivery of the Claim Notice.

(c) The Indemnifying Party will have the right (at its expense) to assume the investigation and/or defense of any Adverse Consequence or any litigation resulting therefrom so long as (i) the Indemnifying Party notifies the Indemnified Party in writing (within 20 days after the Indemnified Party has given the Claim Notice) that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of the Adverse Consequence, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend, and otherwise indemnify for, the Adverse Consequence and fulfill its indemnification obligations hereunder and (iii) the Adverse Consequence involves only money damages and does not seek an injunction or other equitable relief.

(d) So long as the Indemnifying Party is conducting the defense of the Adverse Consequence in accordance with Section 2.3(c), (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Adverse Consequence, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnifying Party (not to be withheld unreasonably), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnified Party; provided, that the Indemnifying Party may consent to such judgment or enter into such settlement without the prior written consent of the Indemnified Party so long as an unconditional term of any such judgment or settlement includes the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability with respect to such Adverse Consequence.

(e) In the event any of the conditions in Section 2.3(c) is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Adverse Consequence in any manner it may reasonably deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Adverse Consequence (including reasonable attorneys' fees and expenses), and (C) the Indemnifying Parties will remain responsible for any Adverse Consequence the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of or caused by the Adverse Consequence to the fullest extent provided in this Agreement.

2.4. Insurance Proceeds.

The amount of any indemnification payable in connection with any transaction contemplated by this Agreement or the Acquisition Agreement shall be net of any insurance proceeds available, under any insurance policies in effect at the time that are maintained in the Ordinary Course of Business, to a Buyer Indemnified Person or a Pittston Indemnified Person, respectively, in connection with the events or circumstances giving rise to the indemnification. For purposes of this Section 2.4, any pollution and legal liability insurance policies or an insurance policy covering loss in connection with the representations and warranties contained in the Acquisition Agreement will be deemed not to be maintained in the Ordinary Course of Business.

2.5. Exclusivity of Rights and Procedures.

The parties agree that, except as set forth in Article VII of the Acquisition Agreement or in any other Articles titled "Certain Tax Matters" of the Other Acquisition Agreements, this Agreement shall constitute the sole and exclusive remedy of the parties hereto with respect to the subject matters addressed in this Agreement, the Acquisition Agreement and the transactions contemplated by the Acquisition Agreement. Each party to this Agreement hereby waives and releases the other parties from any and all claims and other causes of action, including claims for contribution, related to those subject matters, other than claims (i) pursuant to the terms of this Agreement, (ii) related to the Assumed Liabilities (in the case of the Pittston Indemnified Persons), (iii) for fraud, and (iv) for injunctive relief.

ARTICLE III GUARANTIES

3.1. Pittston Guaranty.

(a) Pittston hereby irrevocably and unconditionally guarantees to Buyer (the "Pittston Guaranty") the full and punctual performance and compliance by PCC with each and every covenant, term and condition to be performed or complied with by PCC under this Agreement and the Acquisition Agreement. The Pittston Guaranty expressed in this Section 3.1 is an absolute, present, primary and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by PCC or upon any other condition or contingency.

(b) Pittston hereby expressly waives (i) notice of acceptance of the Pittston Guaranty and (ii) any other notice given to PCC in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Pittston hereby authorizes Buyer to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of PCC under the Agreement without notice to or consent by Pittston. Pittston acknowledges and agrees that its liability under the Pittston Guaranty is joint and several with PCC and, upon any default by PCC, Buyer shall not be obligated to first attempt enforcement against PCC. Pittston hereby waives any and all defenses to enforcement of the Pittston Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.

(c) Pittston represents and warrants to Buyer that (i) Pittston is a corporation validly existing and in good standing under the laws of the Commonwealth of Virginia; (ii) all necessary corporate action has been duly taken by it to authorize the execution, delivery and performance by it of the Pittston Guaranty, (iii) the Pittston Guaranty is being executed on Pittston's behalf by a duly authorized representative, (iv) the Pittston Guaranty is the legally valid and binding obligation of Pittston enforceable in accordance with its terms, and (v) the execution and the delivery of the Pittston Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Pittston's Articles of Incorporation or Bylaws or of any material franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Pittston is a party or by which Pittston is bound, or any Law or any order, judgment, writ, injunction or decree to which Pittston is a party or by which Pittston may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Pittston or that otherwise relates to the Pittston's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Pittston is subject.

(d) Pittston agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by Buyer Indemnified Persons in enforcing Pittston's liability to Buyer Indemnified Persons under the Pittston Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.

(e) The Pittston Guaranty shall be binding upon Pittston and its successors and assigns, and shall inure to the benefit of and be enforceable by Buyer and its successors and assigns. For purposes of the Pittston Guaranty, Pittston shall be deemed to include the surviving entity in any merger or consolidation involving Pittston, which survivor shall be bound by the provisions of the Pittston Guaranty and this Agreement.

3.2. Buyer's Parent Guaranty.

(a) Buyer's Parent hereby irrevocably and unconditionally guarantees to PCC (the "Buyer's Parent Guaranty") the full and punctual performance and compliance by Buyer with each and every covenant, term and condition to be performed or complied with by Buyer under this Agreement and the Acquisition Agreement. Buyer's Parent Guaranty expressed in this Section 3.2 is an absolute, present, primary and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by Buyer or upon any other condition or contingency.

(b) Buyer's Parent hereby expressly waives (i) notice of acceptance of Buyer's Parent Guaranty and (ii) any other notice given to Buyer in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Buyer's Parent hereby authorizes PCC to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of Buyer under the Agreement without notice to or consent by Buyer's Parent. Buyer's Parent acknowledges and agrees that its liability under Buyer's Parent Guaranty is joint and several with Buyer and, upon any default by Buyer, PCC shall not be obligated to first attempt enforcement against Buyer. Buyer's Parent hereby waives any and all defenses to enforcement of Buyer's Parent Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.

(c) Buyer's Parent represents and warrants to PCC that (i) Buyer's Parent is a limited liability company validly existing and in good standing under the laws of the State of Delaware; (ii) all necessary corporate action has been duly taken by it to authorize the execution, delivery and performance by it of Buyer's Parent Guaranty, (iii) Buyer's Parent Guaranty is being executed on Buyer's Parent's behalf by a duly authorized representative, (iv) Buyer's Parent Guaranty is the legally valid and binding obligation of Buyer's Parent enforceable in accordance with its terms, and (v) the execution and the delivery of Buyer's Parent Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Buyer's Parent's Certificate of Formation, Operating Agreement or other organizational documents or of any material franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Buyer's Parent is a party or by which Buyer's Parent is bound, or any Law or any order, judgment, writ, injunction or decree to which Buyer's Parent is a party or by which Buyer's Parent may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Buyer's Parent or that otherwise relates to Buyer's Parent's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Buyer's Parent is subject.

(d) Buyer's Parent agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by the Pittston Indemnified Persons in enforcing Buyer's Parent's liability to the Pittston Indemnified Persons under Buyer's Parent Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.

(e) Buyer's Parent Guaranty shall be binding upon Buyer's Parent and its successors and assigns, and shall inure to the benefit of and be enforceable by PCC and its successors and assigns. For purposes of Buyer's Parent Guaranty, Buyer's Parent shall be deemed to include the surviving entity in any merger or consolidation involving Buyer's Parent, each of whom shall be bound by the provisions of the Buyer's Parent Guaranty and this Agreement.

ARTICLE IV
SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

ARTICLE V
NOTICES

All communications, notices and disclosures required or permitted by this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by messenger or by overnight delivery service, or within five days of being mailed by registered or certified United States mail, postage prepaid, return receipt requested, in all cases addressed to the person for whom it is intended at his address set forth below or to such other address as a party shall have designated by notice in writing to the other parties in the manner provided by this Article V:

if to PCC or Pittston, to them at:

Pittston Coal Company
448 N.E. Main Street
P. O. Box 5100
Lebanon, Virginia 24266
Attention: President

with a copy to:

Pittston Coal Company
c/o The Pittston Company
1801 Bayberry Court
P. O. Box 18100
Richmond, Virginia 23226-8100
Attention: General Counsel

and a copy to:

Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

if to Buyer:

Alpha Terminal Company, LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

if to Buyer's Parent, to it at:

Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

ARTICLE VI
ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but this Agreement and the rights, interests or obligations hereunder shall not be assignable by Buyer's Parent, Buyer, Pittston or PCC without the prior written consent of the other parties and any attempt to make such an assignment without such consent shall be void and of no effect.

ARTICLE VII
ARBITRATION

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute") shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to designate an arbitrator within fourteen (14) calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Article VII shall be the exclusive means to resolve all Disputes.

ARTICLE VIII
MISCELLANEOUS

8.1. Headings.

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

8.2. Integration.

This Agreement and any other agreement entered into contemporaneously with this Agreement among PCC, Pittston, Buyer and Buyer's Parent or the Affiliates of any of them constitute the entire agreement and supercede all prior agreements and understandings not reflected in the Acquisition Agreement, both written and oral, among the parties with respect to the subject matter hereof.

8.3. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8.4. Governing Law.

This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the Commonwealth of Virginia, without regard to the conflicts of laws principles thereof.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

ALPHA TERMINAL COMPANY, LLC,
a Delaware limited liability company

By:/s/ Eddie Neely

Name: Eddie Neely
Title: Vice President

ALPHA NATURAL RESOURCES, LLC, a Delaware limited liability company

By:/s/ Michael J. Quillen

Name: Mike Quillen
Title: President

PITTSTON COAL COMPANY,
a Delaware corporation

By:/s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development and
Technical Resources

THE PITTSTON COMPANY,
a Virginia corporation

By:/s/ James B. Hartough

Name: James B. Hartough
Title: Vice President - Corporate Finance
and Treasurer

Schedule A

Asset Purchase Agreement by and between Pittston Coal Company and Dickenson-Russell Coal Company, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Paramont Coal Company Virginia, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Land and Reserves, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Coal Sales Co., LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Maxxim Rebuild Co., LLC, dated as of October 29, 2002, as amended.

Schedule B

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Dickenson-Russell Coal Company, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Paramount Coal Company Virginia, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Land and Reserves, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Coal Sales Co., LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Maxxim Rebuild Co., LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

PITTSTON COAL COMPANY

AND

MAXXIM REBUILD CO., LLC

October 29, 2002

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of the 29th day of October, 2002, by and between PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), and MAXXIM REBUILD Co., LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, PCC owns directly all of the outstanding capital stock of the corporations listed on Schedule 1.4 (the "Asset Sale Companies");

WHEREAS, PCC desires to cause to be sold and assigned, and Buyer desires to purchase and assume, certain of the assets and certain of the Liabilities (as hereinafter defined) of the Asset Sale Companies;

WHEREAS, PCC desires to cause the Asset Sale Companies to retain certain assets and certain Liabilities;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PCC and Buyer agree that:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified:

1.1. Administrative Services Agreement.

"Administrative Services Agreement" shall mean the agreement by and between PCC and Buyer, substantially in the form of Exhibit A attached hereto.

1.2. Affiliate.

"Affiliate" shall mean, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Agreement, none of Dominion Terminal Associates or any of its partners, other than Pittston Coal Terminal Corporation, shall be deemed an Affiliate of PCC or any of its Affiliates.

1.3. Agreement.

"Agreement" shall mean this Asset Purchase Agreement, together with the Exhibits and Schedules attached hereto, which are incorporated into this Asset Purchase Agreement by this reference, as the same may be amended from time to time in accordance with the terms hereof.

1.4. Asset Sale Companies.

"Asset Sale Companies" shall have the meaning given to it in the Recitals to this Agreement. The term "Asset Sale Company" shall mean one of the Asset Sales Companies.

1.5. Assignment and Assumption Agreements.

"Assignment and Assumption Agreements" shall mean the assignment and assumption agreements substantially in the form of Exhibit B attached hereto.

1.6. Assumed Liabilities.

"Assumed Liabilities" shall mean all Liabilities of the Asset Sale Companies listed on Schedule 1.6.

1.7. Bills of Sale.

"Bills of Sale" shall mean the bills of sale substantially in the form of Exhibit C attached hereto.

1.8. Books and Records.

"Books and Records" shall mean the original or true and complete copies of all of the books and records of the Asset Sale Companies pertaining to the Purchased Assets, including but not limited to, customer lists, employee records for those Employees employed by Buyer on or immediately following the Closing Date, purchase orders and invoices, sales orders and sales order log books, credit and collection records, plats, drawings and specifications, environmental reports and studies, correspondence and miscellaneous records with respect to customers and supply sources, lessors and lessees, equipment maintenance records and all other general correspondence, records, books and files owned by the Asset Sale Companies, but excluding any and all Tax Returns, books and records relating to the Retained Liabilities and corporate records of the Asset Sale Companies.

1.9. Business.

"Business" shall mean the equipment repairing, rebuilding and servicing business conducted by the Asset Sale Companies using the Purchased Assets.

1.10. Buyer.

"Buyer" shall have the meaning given to it in the preamble of this Agreement.

1.11. Buyer's Affiliates, Successors, Assigns, Lessees or Contractors.

"Buyer's Affiliates, Successors, Assigns, Lessees or Contractors" shall mean Buyer's Affiliates, Buyer's contractual successors and assigns, and lessees and contractors who, as part of a contractual arrangement with Buyer or one of its Affiliates, offer employment to the current or former Employees of an Asset Sale Company.

1.12. Buyer Closing Certificate.

"Buyer Closing Certificate" shall mean the certificate of Buyer substantially in the form of Exhibit D attached hereto.

1.13. Buyer's Parent.

"Buyer's Parent" shall mean Alpha Natural Resources, LLC, a Delaware limited liability company.

1.14. Closing.

"Closing" shall mean the closing of the transactions contemplated by this Agreement beginning at 10:00 a.m., local time, on the Closing Date, at the offices of Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

1.15. Closing Date.

"Closing Date" shall mean November 30, 2002 or such other date as the parties may mutually agree in writing.

1.16. Coal Act.

"Coal Act" shall mean the Coal Industry Retiree Health Benefit Act of 1992 as amended through the Closing Date (codified at Subtitle J of the Code).

1.17. COBRA.

"COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

1.18. Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, where appropriate, any predecessor or successor provisions of Law, and all regulations thereunder.

1.19. Contaminated.

"Contaminated" shall mean the presence of one or more Hazardous Substances in such quantity or concentration as to: (i) violate any Environmental Law; (ii) require disclosure to any Governmental Authority; (iii) require remediation or removal; (iv) interfere with or prevent the use of any of the Real Property or Purchased Assets as customarily intended; or (v) create any contribution Liability to fund the clean up of the Real Property.

1.20. Contracts.

"Contracts" shall mean the contracts, agreements, personal and real property leases, relationships and commitments, written or oral, of the Asset Sale Companies listed on Schedule 1.20.

1.21. Controlled Group.

"Controlled Group" shall have the meaning set forth in Codess.1563.

1.22. Cooperation Agreement.

"Cooperation Agreement" shall mean the agreement by and among the PCC Parent, PCC and Buyer substantially in the form of Exhibit E attached hereto.

1.23. CPA Arbitrator.

"CPA Arbitrator" shall have the meaning set forth in Section 2.9 hereof.

1.24. Dispute.

"Dispute" shall have the meaning set forth in Section 10.14 hereof.

1.25. Employee.

"Employee" shall mean any Person (i) employed by and rendering personal services for an Asset Sale Company or (ii) receiving short-term or long-term disability benefits from an Asset Sale Company under an Employee Benefit Plan. The term "current and former Employees" shall mean any Persons who fall within the term Employee at any time prior to the Closing Date.

1.26. Employee Benefit Plans.

"Employee Benefit Plans" shall have the meaning set forth in Section 3.11 hereof.

1.27. Environment.

"Environment" shall mean surface or ground water, water supply, soil or the ambient air.

1.28. Environmental Laws.

"Environmental Laws" shall mean collectively, all federal, foreign, state, and local Laws in effect as of the Closing Date that relate to (a) the prevention, abatement or elimination of pollution, or the protection of the environment, including, without limitation, Laws applicable to the generation, handling, treatment, storage, disposal or transportation of waste materials, (b) the regulation of or exposure to Hazardous Substances, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C.ss.ss.9601 et. seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, as amended, 42 U.S.C.ss.ss.6901 et. seq., the Clean Air Act, 42 U.S.C.ss.ss.7401 et. seq., the Clean Water Act, 33 U.S.C.ss.ss.1251 et. seq., the Toxic Substances Control Act, 15 U.S.C.ss.ss.2601 et. seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C.ss.ss.11001 et. seq., and any foreign, state, county, municipal, or local statutes, Laws or ordinances similar or analogous to the federal statutes listed in this sentence.

1.29. Environmental Matter.

"Environmental Matter" shall mean any assertion of a violation, claim or directive by any Governmental Authority or any other Person for personal injury, damage to property or the Environment, nuisance, contamination or other adverse effects on the Environment, or for damages or restrictions resulting from or related to (i) the operation of PCC's or its Affiliates' business or any predecessor or the ownership, use or operation at or on any real property or other assets owned, operated or leased by PCC or its Affiliates or any predecessor; or (ii) the existence or the continuation of a Release of, or exposure to, or the transportation, storage or treatment of any Hazardous Substance into the Environment from or related to any real property or assets currently or formerly owned, operated or leased by PCC or its Affiliates or any activities on or operations thereof.

1.30. Environmental or Response Action.

"Environmental or Response Action" shall mean all actions required (i) to clean up, remove, treat or in any other way address any Hazardous Substance or other substance; (ii) to prevent the Release or threat of Release, or minimize the further Release of any Hazardous Substance or other substance so it does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor Environment; (iii) to perform pre-remedial studies and investigations or post-remedial monitoring and care; (iv) to bring facilities on any real property currently or formerly owned, operated or leased by PCC or its Affiliates and the facilities located and operations conducted thereon into compliance with all Environmental Laws and all permits and other authorizations, and the filing of all notifications and reports required under any Environmental Laws; or (v) for the purpose of environmental protection of any real property currently or formerly owned, operated or leased by PCC or its Affiliates.

1.31. EPA.

"EPA" shall have the meaning set forth in Section 3.8 hereof.

1.32. Equipment.

"Equipment" shall mean the tangible machinery, vehicles, equipment, furniture, fixtures, furnishings, trailers, tools, parts and other personal property owned or leased by the Asset Sale Companies listed on Schedules 1.32(a) and 1.32(b), respectively.

1.33. ERISA.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.34. ERISA Affiliates.

"ERISA Affiliates" shall mean any trade or business (whether or not incorporated) that is part of the same Controlled Group as, or under common control with, or part of an affiliated service group that includes, PCC and each of the Asset Sale Companies within the meaning of Section 414(b), (c), (m) or (o) of the Code.

1.35. Fiduciary.

"Fiduciary" shall have the meaning set forth in ERISA ss.3(21)

1.36. Governmental Authority.

"Governmental Authority" shall mean any governmental, judicial, legislative, executive, administrative or regulatory authority of the United States, or of any foreign, state or local government or any subdivision, agency, commission, office, authority or bureau thereof or any quasi-governmental entity or authority of any nature.

1.37. Hazardous Substances.

"Hazardous Substances" shall mean any substance, chemical, waste, solid, material, pollutant or contaminant that is defined or listed as hazardous or toxic under any applicable Environmental Laws. Without limiting the generality of the foregoing it shall also include any radioactive material, including any naturally-occurring radioactive material, and any source, special or by-product material as defined in 42 U.S.C. 2011, et seq., any amendments or authorizations thereof, any asbestos-containing materials in any form or condition, any polychlorinated biphenyls in any form or condition, radioactive waste, or natural gas, natural gas liquids, liquified natural gas, condensate, or derivatives or byproducts thereof or oil and petroleum products or by products and constituents thereof.

1.38. Health and Safety Requirements.

"Health and Safety Requirements" shall mean all applicable federal, state, local and foreign Laws concerning public health and safety and worker health and safety each as in effect as of the Closing Date, other than Environmental Laws.

1.39. HIPAA.

"HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996, as amended, and all rules and regulations thereunder.

1.40. Income Tax or Income Taxes.

"Income Tax or "Income Taxes" shall mean any Tax based on or measured by net income.

1.41. Indemnification and Guaranty Agreement.

"Indemnification and Guaranty Agreement" shall mean the agreement by and among PCC Parent, PCC, Buyer and Buyer's Parent substantially in the form of Exhibit F attached hereto.

1.42. Intellectual Property.

"Intellectual Property" shall mean the trademarks, service marks, patents, copyrights (including any registrations, applications, licenses or rights relating to any of the foregoing), technology, logos, trade secrets, confidential information related to the Purchased Assets, inventions, know-how, designs, technical data, drawings, customer and supplier lists, pricing and cost information, or computer programs and processes and all goodwill associated therewith and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions owned or licensed or leased by the Asset Sale Companies listed on Schedules 1.42(a) and 1.42(b), respectively, including, without limitation, the trademarks, service marks, logos or other rights related to the name "Maxxim."

1.43. IRS.

"IRS" shall mean the United States Internal Revenue Service.

1.44. Knowledge of PCC.

"Knowledge of PCC" shall mean, for the individuals listed on Schedule 1.44, any such individual's actual knowledge and what any such individual should have known after reasonable inquiry within the scope of that individual's job responsibilities.

1.45. Law.

"Law" and "Laws" shall mean any applicable United States or foreign, federal, state, local or other law or governmental requirement of any kind, and the rules, regulations and orders promulgated thereunder.

1.46. Lien.

"Lien" shall mean any lien, encumbrance, mortgage, charge, claim, restriction, pledge, security interest or imposition of any kind.

1.47. Liability.

"Liability" shall mean any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), including any liability for Taxes. Liabilities shall mean one or more items of Liability.

1.48. Material Adverse Effect.

"Material Adverse Effect" shall mean any event, change or occurrence that individually, or together with any other event, change or occurrence, has a material adverse impact on the Business, taken as a whole, without regard to the duration of such material adverse impact.

1.49. Medical Plans.

"Medical Plans" shall mean any and all benefit plans that provide medical, vision and dental benefits to current or former Employees sponsored or maintained by or on behalf of, or for the benefit of, PCC or any Asset Sale Company, including the Comprehensive Medical Expense Benefits Plan of The Pittston Company and Its Subsidiaries.

1.50. Multiemployer Plan.

"Multiemployer Plan" shall have the meaning set forth in Section 3.11 hereof.

1.51. Ordinary Course of Business.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

1.52. Parts, Fuel and Supplies Inventory.

"Parts, Fuel and Supplies Inventory" shall include the categories of items listed on Schedule 1.52.

1.53. PBGC.

"PBGC" shall mean the Pension Benefits Guaranty Corporation.

1.54. PCC.

"PCC" shall have the meaning given to it in the preamble to this Agreement.

1.55. PCC Closing Certificate.

"PCC Closing Certificate" shall mean the certificate of PCC substantially in the form of Exhibit G attached hereto.

1.56. PCC Group.

"PCC Group" shall have the meaning set forth in Section 1.71(i) hereof.

1.57. PCC Parent.

"PCC Parent" shall mean The Pittston Company, a Virginia corporation.

1.58. Pension Plans.

"Pension Plans" shall have the meaning set forth in Section 3.11 hereof.

1.59. Permitted Liens.

"Permitted Liens" shall mean those Liens affecting the Purchased Assets that are listed on Schedule 1.59.

1.60. Person.

"Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Authority.

1.61. Post-Closing Period.

"Post-Closing Period" shall mean any taxable period beginning after the Closing Date.

1.62. Pre-Closing Period.

"Pre-Closing Period" shall mean any taxable period ending on or before the Closing Date.

1.63. Purchase Price.

"Purchase Price" shall mean \$3,000,000.

1.64. Purchased Assets.

"Purchased Assets" shall mean all right, title and interest in and to the Parts, Fuel and Supplies Inventory, Equipment, Books and Records, Real Property and Intellectual Property of the Asset Sale Companies and the rights of the Asset Sale Companies with respect to the Contracts.

1.65. Qualified Plans.

"Qualified Plans" shall have the meaning set forth in Section 3.11 hereof.

1.66. Real Property.

"Real Property" shall mean the real property rights and interests leased or subleased by the Asset Sale Companies and any improvements, fixtures, easements, rights of way and other appurtenants thereto (such as appurtenant rights in and to public streets) that are listed on Schedule 1.66.

1.67. Related Persons.

"Related Persons" shall mean related persons as that term is defined in Section 9701(c)(2) of the Coal Act, except that it shall not include successors in interest.

1.68. Release.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, dumping or disposing into the Environment of Hazardous Substances.

1.69. Repair Activities.

"Repair Activities" shall mean those activities of the Asset Sale Companies that have taken place on or through the use of the Purchased Assets that involve equipment repairing, rebuilding and servicing.

1.70. Repair Environmental Liabilities.

"Repair Environmental Liabilities" shall mean Liabilities that relate to or arise from both of the following: (i) any of the Hazardous Substances set forth on Schedule 1.70 and (ii) an Environmental Matter or Environmental and Response Action associated with Repair Activities to the extent that such Repair Activities conformed to industry standard practices at the time such Repair Activities were conducted.

1.71. Retained Liabilities.

"Retained Liabilities" shall mean all of the Liabilities of each Asset Sale Company, other than the Assumed Liabilities, including, without limitation, the following:

(a) the Liabilities listed on Schedule 1.71(a);

(b) all Liabilities arising under applicable Workers' Compensation Acts for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, but only with respect to claims where the date of injury or the date of last injurious exposure occurred prior to the date such Employees began working for Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors;

(c) all Liabilities arising under the federal black lung Laws for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, to the extent and in the amounts provided in the federal black lung Laws, but only until such time as Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors becomes the responsible operator under the federal black lung Laws for such Employees;

(d) all Liabilities for medical, vision, dental and other benefits and expenses covered under the Medical Plans including related insurance costs or premiums for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, (ii) the current or former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, but only with respect to the period prior to the date such Employees began working for Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors and (iii) in either case, all such Liabilities under COBRA, HIPAA and other Laws, including all Liabilities of a Fiduciary for breach of fiduciary duty or any other failure to act or comply in connection with the administration of such Medical Plans;

(e) unless such Liabilities are otherwise retained pursuant to Section 1.71(i) hereof, all Liabilities arising under or based upon the Employee Benefit Plans sponsored or maintained by, on behalf of or for the benefit of the Asset Sale Companies or its Employees or in which the Asset Sale Companies participated (other than the Medical Plans), including all Liabilities arising from or related to the termination thereof or Liabilities of a Fiduciary for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan;

(f) all Liabilities for salaries, wages, bonuses, vacation days, personal days and similar forms of leave or compensation for or based upon the employment of (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, that are accrued, due or earned up to the date such Employees began working for Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors and for which such Employees are eligible;

(g) all Liabilities for accounts payable for which goods have been shipped and delivered (whether or not invoiced) or services have been performed (whether or not invoiced) and related notes, trade payables and earned royalties, to the extent that an Asset Sale Company received a benefit before the Closing Date;

(h) all Liabilities for claims of any current or former Employees pursuant to the WARN Act arising out of acts or omissions of the Asset Sale Companies prior to and including the Closing Date;

(i) (1) all Liabilities, if any, of any Asset Sale Company and its Related Persons (collectively, the "PCC Group") under the Coal Act, and (2) all Liabilities, if any, of the PCC Group under any post-Closing amendments to the Coal Act for (i) beneficiaries eligible under the Coal Act who are assigned to a member of the PCC Group or for whom a member of the PCC Group is required to provide or pay for medical benefits pursuant to Sections 9711 or 9712 of the Coal Act or (ii) death benefit premiums or unassigned beneficiary premiums (as those terms are used in Sections 9704(c) and 9704(d) of the Coal Act) for beneficiaries eligible under the Coal Act, that are assessed against any member of the PCC Group; provided, for the avoidance of doubt, that the Liabilities retained pursuant to (1) and (2) above shall ----- not be affected by Buyer or any of its Affiliates being identified under the Coal Act or any post-Closing amendments thereto as a successor, successor in interest or "Related person" under the Coal Act or any post-Closing amendments thereto to any member of the PCC Group solely as a result of Buyer's purchase of the Purchased Assets;

(j) unless such Liabilities are otherwise retained pursuant to Section 1.71(i) hereof, all Liabilities, if any, of such Asset Sale Company for retiree medical benefits with respect to current or former Employees of such Asset Sale Company (and their eligible dependents and beneficiaries) who, on or prior to the Closing Date, satisfy the requirements for retiree medical benefits under any Employee Benefit Plan in which such Asset Sale Company participates;

(k) all Liabilities relating to assets held in trust under any Qualified Plan sponsored or maintained by, on behalf of or for the benefit of such Asset Sale Company or its current or former Employees or in which such Asset Sale Company participates arising or relating to the period prior to the Closing Date;

(l) all inter-company indebtedness owed by any Asset Sale Company to the PCC Parent or any of the PCC Parent's Affiliates;

(m) all Liabilities arising out of or in connection with compliance prior to the Closing Date with Health and Safety Requirements pertaining to the Purchased Assets, and all Liabilities arising out of or in connection with compliance with all Laws relating to equal employment opportunity, employment, or labor relations concerning the employment of any Employee by the Asset Sale Companies, or relating to any other action taken or not taken by the Asset Sale Companies concerning (i) the current and former Employees of the Asset Sale Companies who are not hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, and (ii) the current and former Employees of the Asset Sale Companies who are hired by Buyer or one of Buyer's Affiliates, Successors, Assigns, Lessees or Contractors, but only with respect to matters arising out of the employment of such Employees by the Asset Sale Companies;

(n) except as set forth on Schedule 1.6, all Liabilities for the claims, legal actions, suits, litigation, arbitrations, disputes or investigations listed on Schedules 3.8 and 3.10;

(o) all Liabilities of any of the Asset Sale Companies for unpaid Taxes with respect to any Tax year or portion thereof ending on or before the Closing Date or for any Tax year beginning before and ending after the Closing Date to the extent allocable to the portion of such period beginning before and ending on the Closing Date (to the extent of any inconsistencies with Article VII hereof, Article VII shall be controlling);

(p) all amounts payable as the result of the consummation of the transactions contemplated by this Agreement that arise due to any change of control provision of any Contract other than those Contracts listed on Schedule 5.4(b);

(q) all Liabilities of any of the Asset Sale Companies for the unpaid Taxes of any Person (including PCC and its subsidiaries) under Reg. ss.1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise;

(r) all Liabilities for any Environmental Matter or Environmental or Response Action related to real property or any other asset owned, operated or leased by PCC or any of its Affiliates that is not a Purchased Asset (except to the extent otherwise provided any other agreement entered into contemporaneously with this Agreement pursuant to which reclamation and other services are to be performed on PCC's or its Affiliates' idle properties);

(s) all Liabilities for any Environmental Matter or Environmental or Response Action (other than Repair Environmental Liabilities) to the extent the underlying claim relates to or arises from any activity on or through the use of the Purchased Assets and is attributable to acts or omissions occurring at or prior to the Closing;

(t) all Liabilities of PCC that become a Liability of Buyer under any bulk transfer Law of any jurisdiction; and

(u) all Liabilities under the contracts, agreements, personal and real property leases, relationships and commitments of the Asset Sale Companies listed on Schedule 1.71(u)

1.72. Straddle Period.

"Straddle Period" shall mean any taxable period covering days before and after the Closing Date.

1.73. Tax or Taxes.

"Tax" or "Taxes" mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code ss.59A), custom duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, reclamation fees or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, but shall not include, for purposes of this Agreement only, Liabilities under the Coal Act, of whatever nature and regardless of how denominated.

1.74. Tax Return.

"Tax Return" shall mean any original or amended report, return, declaration, claim for refund, statement, document, schedule, attachment or other information supplied or required to be supplied to a Governmental Authority with respect to Taxes, including any return of an affiliated, combined or unitary group.

1.75. WARN Act.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act, as amended.

1.76. Welfare Plans.

"Welfare Plans" shall have the meaning set forth in Section 3.11 hereof.

1.77. Workers' Compensation Acts.

"Workers' Compensation Acts" shall mean Laws that provide for awards to employees and their dependents for employment-related accidents and diseases.

ARTICLE II
PURCHASE AND SALE OF ASSETS

2.1. Transfer of Assets.

On the Closing Date, PCC (on behalf of the Asset Sale Companies) shall cause to be sold, conveyed, transferred, assigned, and delivered to Buyer, and Buyer shall acquire, the Purchased Assets. At the Closing, subject to the terms and conditions of this Agreement, PCC agrees to: (i) cause title to the Purchased Assets to be transferred and delivered to Buyer; and (ii) perform its obligations under this Agreement to be performed at or before Closing. In full payment for the Purchased Assets, Buyer shall: (i) assume the Assumed Liabilities; (ii) pay to PCC (which shall receive such amounts on behalf of the Asset Sale Companies) the Purchase Price by wire transfer of cash or other immediately available funds; and (iii) perform its obligations under this Agreement to be performed at or before Closing. Buyer shall not assume or have any responsibility with respect to any Liability of PCC Parent, PCC, the PCC Group or the Asset Sale Companies that is not an Assumed Liability.

2.2. Bills of Sale, Assignment and Assumption Agreements and Other Documents.

At the Closing, PCC shall cause each of the Asset Sale Companies to: (i) execute and deliver to Buyer the Bills of Sale, the Assignment and Assumption Agreements and such other documents as may be necessary to convey to Buyer the Purchased Assets; and (ii) perform its obligations under the Agreement to be performed at or before the Closing.

2.3. Assumption of Liabilities.

At the Closing, Buyer shall execute and deliver to PCC the Assignment and Assumption Agreements and such other documents and instruments as may be necessary for Buyer to assume all of the Assumed Liabilities. Buyer shall not assume or have any responsibility, however, with respect to any Liability of PCC Parent, PCC, the PCC Group or the Asset Sale Companies that is not an Assumed Liability.

2.4. Proration of Liabilities.

PCC and Buyer shall cooperate with each other to provide for payments due with respect to the Assumed Liabilities and the Retained Liabilities during the payment period in which the Closing occurs with all such Liabilities prorated as of the Closing Date, if applicable.

2.5. Indemnification and Guaranty Agreement.

At the Closing, PCC, PCC Parent, Buyer's Parent and Buyer shall execute and deliver the Indemnification and Guaranty Agreement.

2.6. Cooperation Agreement.

At the Closing, PCC and Buyer shall, and PCC shall cause PCC Parent to, execute and deliver the Cooperation Agreement pursuant to which Buyer, PCC Parent and PCC shall provide each other certain information and other assistance in connection with the collection, administration and/or satisfaction of certain of the Retained Liabilities.

2.7. Administrative Services Agreement.

At the Closing, PCC and Buyer shall execute and deliver the Administrative Services Agreement pursuant to which PCC or one of its Affiliates will provide certain services to Buyer and the Asset Sale Companies for a transition period.

2.8. Additional Documents.

At the Closing, PCC and Buyer shall, and PCC shall cause the Asset Sale Companies to, execute and deliver all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement, including the documents provided in Section 5.6 hereof and in this Article II.

2.9. Allocation of Purchase Price and Assumed Liabilities.

The Purchase Price and the Assumed Liabilities (to the extent they constitute part of the amount realized for federal Income Tax purposes) shall be allocated among the Purchased Assets in accordance with a schedule to be agreed upon by Buyer and PCC after the Closing Date. Buyer shall prepare such allocation schedule and deliver it to PCC upon a date to be agreed upon between the parties, which date shall be no later than 60 days after the Closing Date. PCC shall be deemed to agree with such allocation schedule unless, within ten (10) days after the date PCC receives the allocation schedule from Buyer, PCC notifies Buyer in writing of (i) each allocation with which it disagrees and (ii) for each such allocation, the amount that PCC proposes to allocate. If PCC provides such notice to Buyer, the parties shall proceed in good faith to resolve mutually the disputed allocation amounts within fifteen (15) days after the date on which PCC notifies Buyer of a disagreement with Buyer's proposed allocation. If PCC and Buyer cannot resolve any such differences, the parties agree to submit such differences to arbitration in Abingdon, Virginia, by the accounting firm of Deloitte & Touche, LLP or another accounting firm acceptable to both parties (the "CPA Arbitrator"). The CPA Arbitrator shall make such review and examination of the relevant facts and documents as the CPA Arbitrator deems appropriate and shall permit each of Buyer and PCC to make a written presentation of their respective positions. Within forty-five (45) days after submission of such dispute by both parties, the CPA Arbitrator shall resolve such dispute in writing and shall prepare and deliver its decision, which shall (i) be based upon a determination of the fair market value of the Purchased Assets, (ii) defer to valuations that have been prepared in accordance with generally accepted valuation techniques absent manifest error, (iii) be final and binding upon the parties without further recourse or collateral attack and (iv) accept either Buyer's or PCC's position in its entirety. The party whose position is not accepted by the CPA Arbitrator shall pay all fees and costs of such CPA Arbitrator to arbitrate such dispute. The allocation schedule shall include, at a minimum, information necessary to complete Part II of IRS Form 8594. The allocation to the Purchased Assets is intended to comply with the requirements of Section 1060 of the Code. The parties shall cooperate to comply with all substantive and procedural requirements of Section 1060, and except for any adjustment to the Purchase Price hereunder, after the completion and agreement by the parties to the allocation schedule, such allocation schedule shall be adjusted only if and to the extent necessary to comply with such requirements of Section 1060. Buyer and PCC agree that they will not take nor will they permit any Affiliate to take, for Income Tax purposes, any position inconsistent with such allocation schedule to the Purchased Assets; provided, however, that (i) Buyer's cost for the Purchased Assets may differ from the total amount allocated hereunder to reflect the inclusion in the total cost of items (for example, capitalized acquisition costs) not included in the total amount so allocated and (ii) the amount realized by the Asset Sale Companies may differ from the total amount allocated hereunder to reflect transaction costs that reduce the amount realized for federal Income Tax purposes.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PCC

PCC hereby represents and warrants to Buyer that the statements contained in this Article III are correct and complete, except as set forth in the Schedules delivered by PCC to Buyer in connection with this Agreement. The Schedules are arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Article III.

3.1. Incorporation.

PCC and each of the Asset Sale Companies are corporations duly organized, validly existing and in good standing under the Laws of the respective state or commonwealth of each such company's incorporation. PCC and each of the Asset Sale Companies are duly qualified or licensed to transact business as foreign corporations in Virginia and are in good standing under the laws of Virginia. Set forth on Schedule 3.1 is the name of each state or other jurisdiction in which each such company has either paid taxes or had an office in the three years prior to the date of this Agreement.

3.2. Execution, Delivery and Performance.

The execution, delivery and performance by PCC of this Agreement and by PCC and the applicable Asset Sale Company of each other agreement or instrument to which it is a party executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both: (i) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of PCC's or any Asset Sale Company's Articles of Incorporation or Bylaws or of any material franchise, mortgage, deed of trust, Lien, lease, license, instrument, agreement, consent, approval, waiver or understanding to which PCC or any Asset Sale Company is a party or by which any Asset Sale Company is bound, or any Law or any order, judgment, writ, injunction or decree to which PCC or any Asset Sale Company is a party or by which PCC, any Asset Sale Company or the Purchased Assets may be bound or affected; (ii) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or, contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization issued by a Governmental Authority that is held by PCC or the Asset Sale Companies or that otherwise relates to the Purchased Assets; or (iii) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which PCC or any Asset Sale Company is subject.

3.3. Authorization.

PCC has full power and authority to enter into and deliver this Agreement and to perform its obligations hereunder and each of PCC and the Asset Sale Companies has full power and authority to enter into and deliver each other agreement or instrument to which it is a party executed in connection herewith and delivered pursuant hereto and to perform its obligations thereunder. PCC's execution, delivery and performance of this Agreement and the execution, delivery and performance of all other agreements and instruments by PCC and each of the Asset Sale Companies in connection herewith and delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of PCC and each of the Asset Sale Companies. This Agreement and all other agreements or instruments executed by PCC or any of the Asset Sale Companies in connection herewith and delivered by PCC or any of the Asset Sale Companies pursuant hereto have been duly executed and delivered by PCC or any such Asset Sale Companies and this Agreement and all other agreements and instruments executed by PCC or any of the Asset Sale Companies in connection herewith and delivered by PCC or any of the Asset Sale Companies pursuant hereto constitute the legal, valid and binding obligation of PCC or such Asset Sale Company, as the case may be, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

3.4. Absence of Changes.

Except as contemplated by this Agreement, since December 31, 2001, none of the Asset Sale Companies has, with respect to the Purchased Assets:

(a) borrowed or agreed to borrow any funds or incurred, or become subject to, any Liability, or issued any note, bond or other debt security, or guaranteed any indebtedness for borrowed money or capitalized lease obligation, except Liabilities incurred in the Ordinary Course of Business, none of which would reasonably be expected to result in an impact greater than \$100,000;

(b) paid any Liability other than current Liabilities in the Ordinary Course of Business;

(c) sold, transferred or otherwise disposed of, or agreed to sell, transfer or otherwise dispose of any of the Real Property, Equipment, or, other than in the Ordinary Course of Business, any other Purchased Assets or cancelled or otherwise terminated, or agreed to cancel or otherwise terminate, other than in the Ordinary Course of Business, any licenses, franchises, certificates, concessions and other governmental approvals and authorizations;

(d) except in the Ordinary Course of Business, entered into any agreement, contract, lease or license (or series of related agreements, contracts, leases and licenses) or made or permitted any material amendment to or termination, acceleration, modification or cancellation of any Contract or breached any provision of any Contract;

(e) merged or consolidated with any other Person;

(f) mortgaged, pledged or subjected to any Lien any of its assets or properties, other than Permitted Liens;

(g) made any capital expenditure (or series of related capital expenditures) either (x) involving more than \$100,000 or (y) outside the Ordinary Course of Business;

(h) made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans and acquisitions) either (x) involving \$100,000 or (y) outside the Ordinary Course of Business;

(i) delayed or postponed the payment of accounts payable and other Liabilities outside the Ordinary Course of Business;

(j) cancelled, compromised, waived or released any right or claim (or series of related rights and claims) either (x) involving more than \$100,000 or (y) outside the Ordinary Course of Business;

(k) made any loan to, or entered into any other transaction with, any of the directors, officers and employees of such Asset Sale Company outside the Ordinary Course of Business;

(l) entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract;

(m) except in the Ordinary Course of Business adopted, amended, modified or terminated any bonus, profit-sharing, incentive, severance or other plan, contract or commitment for the benefit of any of the directors, officers and Employees of the Asset Sale Companies, or taken any such action with respect to any other Employee Benefit Plan;

(n) made any other change in employment terms for any of the directors, officers and Employees of the Asset Sale Companies outside the Ordinary Course of Business;

(o) suffered any damage, destruction or loss, whether or not covered by insurance, that has had or would reasonably be expected to have a Material Adverse Effect;

(p) implemented or adopted any change in its accounting methods or principles or the application thereof; or

(q) entered into any agreement, arrangement or understanding with respect to any of the foregoing.

3.5. Real Property

(a) Schedule 1.66 identifies the leases and subleases that comprise a portion of the Real Property. PCC has made available to Buyer all such leases and subleases listed on Schedule 1.66. With respect to each such lease and sublease:

(i) the lease or sublease is legal, valid, binding, enforceable and in full force and effect;

(ii) except for the consents set forth on Schedule 3.9(b) that are required to be obtained and the notices given, the lease or sublease will continue to be legal, valid, binding, enforceable and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to above);

(iii) neither the Asset Sale Companies nor, to the Knowledge of PCC, any other party to the lease or sublease is in breach or default and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification or acceleration thereunder;

(iv) neither the Asset Sale Companies nor, to the Knowledge of PCC, any other party to the lease or sublease has repudiated any provision thereof; and

(v) none of the Asset Sale Companies has assigned, transferred, conveyed or subjected to a Lien any interest in the leasehold or subleasehold, other than those created pursuant to the terms of that lease or sublease.

(b) There is not any third party adverse claim to any of the Real Property, other than Permitted Liens and, to the Knowledge of PCC, no party is in wrongful possession of any parcel of the Real Property.

3.6. Purchased Assets.

(a) The Asset Sale Companies (i) own good and transferable title to all of the Purchased Assets free and clear of all Liens and restrictions on transfer, other than Permitted Liens or (ii) lease such Purchased Assets under a valid and enforceable lease (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights). No rights of the Asset Sale Companies under such leases have been assigned or otherwise transferred as security for any obligation of the Asset Sale Companies. The consummation of the transactions contemplated by this Agreement will not create or constitute, either with or without notice or the passage of time a default or event of default under any such lease or require the consent of any other party to such lease in order to avoid a default or event of default.

(b) Except for the items set forth on Schedule 1.71(u), the Purchased Assets include all tangible and intangible assets owned by the Asset Sale Companies and used in the Business.

(c) The Equipment that is currently in use has been maintained in accordance with normal industry practice and is suitable for the purposes for which the Asset Sale Companies are presently using such Equipment.

3.7. Intellectual Property.

No third party has asserted any interest in the Intellectual Property, nor has any third party alleged that any Asset Sale Company has infringed on any Intellectual Property of any third party. To the Knowledge of PCC, none of the Asset Sale Companies interferes with, infringes upon, misappropriates, or otherwise comes into conflict with, any Intellectual Property rights of third parties as a result of the continued operation of the Business as presently conducted.

3.8. Environmental Compliance.

(a) Each Asset Sale Company is in material compliance with all Environmental Laws related to the Purchased Assets.

(b) PCC has made available to Buyer true and complete copies of all licenses, franchises, certificates, concessions and other governmental approvals and authorizations held by each of PCC and the Asset Sale Companies pertaining to the Purchased Assets, as amended, supplemented and modified through the date hereof.

(c) Schedule 3.8 includes a true and complete list of all of the citations, notices of non-compliance and notices of violation received by each of PCC and the Asset Sale Companies with respect to the Purchased Assets from federal Environmental Protection Agency ("EPA") or any other Governmental Authority that remain outstanding.

(d) To the Knowledge of PCC, after the Closing, Buyer will not be liable for any fines, penalties, fees, Taxes or other governmental charges assessed with respect to notices of violation, cessation orders, closure orders, show cause orders or other governmental enforcement actions issued prior to Closing with respect to the Purchased Assets. Neither this Agreement nor the consummation of the transactions that are the subject of this Agreement will result in any Buyer Liabilities for site investigation or cleanup, or notification to or consent of any Governmental Agency or third parties, pursuant to any of the so-called "transaction-triggered" or "responsible property transfer" Environmental Laws.

(e) None of the Purchased Assets is identified on (i) the current or proposed National Priorities List under 40 C.F.R. ss. 300, (ii) the Comprehensive Environmental Response, Compensation and Liability Inventory System list or (iii) any list arising from a federal, state or local statute similar to CERCLA. To the Knowledge of PCC, the Real Property is not Contaminated with any Hazardous Substance.

(f) (A) None of the Purchased Assets has been or is being used in any manner associated with the production, manufacture, processing, generation, storage, treatment, disposal, management, shipment or transportation of Hazardous Substances and no such Purchased Assets are Contaminated by any Hazardous Substance; (B) there are no underground storage tanks regulated pursuant to RCRAss.9001 (42 U.S.C.ss. 6991) or equivalent authorized state program, and no above ground storage tanks, located at, on, in or under the Purchased Assets; (C) there is no asbestos-containing material in any form or condition located at, on, in or under the Purchased Assets; (D) there are no materials or equipment containing polychlorinated biphenyls located at, on, in or under the Purchased Assets, (E) there are no landfills or other areas located at, on, in or under the Purchased Assets where Hazardous Substances have been disposed; and (F) neither PCC nor the Asset Sale Companies has disposed of any Hazardous Substance at any offsite disposal area located on the property of any other Person, other than a facility permitted by any Governmental Authority with jurisdiction to receive such Hazardous Substance.

(g) None of the Asset Sale Companies has, with respect to the Purchased Assets, either expressly or by operation of Law, assumed or undertaken any Liability, including without limitation, any Liability for corrective or remedial action, of any other Person relating to any Environmental Laws.

(h) To the Knowledge of PCC, no conditions existing as of the Closing Date and relating to the Purchased Assets or the activities of the Asset Sale Companies or any of their respective predecessors or Affiliates will prevent or materially hinder Buyer's compliance with Environmental Laws, require Buyer to undertake any investigatory, remedial or corrective actions pursuant to Environmental Laws or impose upon Buyer any other Liabilities pursuant to Environmental Laws, including without limitation, any Environmental Laws relating to onsite or offsite releases or threatened releases of Hazardous Substances or imposing Liability for personal injury, property damage or natural resource damage.

3.9. Contracts.

(a) PCC has made available to Buyer copies of all of the written Contracts, or a written summary setting forth the terms and conditions where no copies exist, including all amendments, modifications, waivers and elections applicable thereto.

(b) As to the Asset Sale Companies party thereto: (i) the Contracts are valid and binding, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights), and are in full force and effect; (ii) the consummation of the transactions contemplated herein will not, with or without the giving of notice or the passage of time, or both, conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under the Contracts; (iii) no Asset Sale Company is, nor to the Knowledge of PCC, is any other party in material breach or default, and no event has occurred that, with notice or lapse of time, would constitute a breach or default, or permit termination, modification or acceleration, under the Contracts; and (iv) no Asset Sale Company has, nor to the Knowledge of PCC, has any other party repudiated any provision of the Contracts.

(c) Schedule 3.9(c) sets forth the consents and approvals of third parties and Governmental Authorities required to be obtained as a result of the transactions contemplated by this Agreement.

3.10. Litigation; Claims.

(a) Schedules 3.8 and 3.10 list all claims, legal actions, suits, litigation, arbitrations, disputes, investigations, proceedings by or before any Governmental Authority involving more than \$100,000 and all orders, decrees or judgments, now pending or in effect, or, to the Knowledge of PCC, threatened or contemplated, against or affecting the Asset Sale Companies, the Purchased Assets, or the consummation of the transactions contemplated by this Agreement, except to the extent involving Taxes for Pre-Closing Periods.

(b) There are no existing claims by or disputes involving more than \$100,000 with Persons owning or occupying lands or realty adjoining or near any of the Purchased Assets regarding Repair Activities by the Asset Sale Companies or regarding the location of boundary lines, encroachments, mineral rights, subsidence, water quantity or quality, blasting damage, transportation of coal or other materials, nuisances or any other similar matter.

3.11. Employee Benefits.

(a) Schedule 3.11(a) contains a list of all "employee benefit plans" (as defined in Section 3(3) of ERISA) and all other employee benefit plans, programs or arrangements, including each severance pay, bonus, deferred compensation, incentive compensation, stock purchase, stock option or other equity-based compensation, death benefit, group insurance, hospitalization or other medical, dental, health, life (including all individual life insurance policies as to which any of the Asset Sale Companies is the owner, beneficiary or both), disability or other insurance, Code Section 125 "cafeteria" or "flexible" benefit plan, pension, savings, profit-sharing or retirement plan, program or arrangement: (i) under which Employees or former Employees are entitled to participate by reason of their employment with any of the Asset Sale Companies or their respective ERISA Affiliates, whether or not any of the foregoing is funded, whether insured or self-funded, and with respect to which any of the Asset Sale Companies is a party or a sponsor or a fiduciary thereof or by which any of the Asset Sale Companies is bound; or (ii) with respect to which any of the Asset Sale Companies otherwise may have, as of the Closing Date, any direct or indirect Liability (the "Employee Benefit Plans"). Schedule 3.11(a) identifies: (i) each Employee Benefit Plan that is a "pension plan" (as defined in Section 3(2) of ERISA) (the "Pension Plans"), and denotes those Pension Plans intended to be qualified under Section 401(a) of the Code (the "Qualified Plans"); (ii) each Employee Benefit Plan that is a "multiemployer plan" (as defined in Section 3(37) or Section 4001(a)(3) of ERISA) (a "Multiemployer Plan"); and (iii) each Employee Benefit Plan that is a "welfare plan" (as defined in Section 3(1) of ERISA) (the "Welfare Plans").

(b) Each Qualified Plan meets the requirements of a "qualified plan" under Code Section 401(a) and has received, pursuant to a request that accurately described such Qualified Plan, a favorable determination letter from the IRS to the effect that the form of such Qualified Plan satisfies the requirements of Section 401(a) of the Code and that its related trust is exempt from taxation under Section 501(a) of the Code. To the Knowledge of PCC, there are no facts or circumstances that would jeopardize or adversely affect in any material respect the qualification under Code Section 401(a) of any Qualified Plan.

(c) As of the Closing Date, full payment to each Employee Benefit Plan of all contributions (including all employer contributions and employee salary reduction contributions) that are required to be made by the Asset Sale Companies under the terms thereof and under ERISA or the Code in respect of the current and prior plan years, if any, have been made for all Employee Benefit Plans (except for The Savings and Investment Plan of The Pittston Company and Its Subsidiaries, which payment shall be made as soon as possible after the Closing Date). All contributions that are required to be made by the Asset Sale Companies for any period ending on or before the Closing Date that are not yet due have been paid to each such Employee Benefit Plan or accrued in accordance with the past custom and practice of the Asset Sale Companies. All premiums that are due on or before the Closing Date have been paid with respect to each such Welfare Plan. As of the latest actuarial determination, no "accumulated funding deficiency" (as defined in Section 302 of ERISA or Section 412 of the Code), whether or not waived, exists with respect to any Pension Plan. The present value of all accumulated benefit obligations under each Qualified Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standard No. 87) did not as of the last annual valuation date applicable thereto exceed the fair market value of the assets of such Qualified Plan. No "reportable event" within the meaning of Section 4043 of ERISA has occurred in connection with any of the Pension Plans.

(d) Employee Benefit Plan Compliance.

(i) Each Employee Benefit Plan (other than the Multiemployer Plans) has been administered substantially in accordance with its terms;

(ii) each Employee Benefit Plan (other than the Multiemployer Plans) and each related trust, insurance contract or fund complies in form and in operation and has been administered substantially in accordance with any applicable provisions of ERISA, the Code and all other Laws, all reports, returns and other documentation (including Form 5500 Annual Reports and PBGC-1s) that are required to have been filed with the IRS, the United States Department of Labor, the PBGC or any other Governmental Authority have been filed on a timely basis in each instance in which the failure to file such reports, returns and other documents would result in any material Liability to PCC or the Asset Sale Companies;

(iii) other than routine claims for benefits, no Liens, lawsuits or complaints to or by any Person or Governmental Authority have been filed or, to the Knowledge of PCC, are contemplated or threatened, with respect to any Employee Benefit Plan (other than the Multiemployer Plans) except for those that would not reasonably be expected to result in any material Liability to PCC or the Asset Sale Companies.

(e) Neither PCC nor any of the Asset Sale Companies has received a written notice of, or incurred, any withdrawal liability with respect to a Multiemployer Plan.

(f) The consummation of the transactions contemplated by this Agreement will not (i) entitle any Person to severance pay for which Buyer will be liable after the Closing; (ii) accelerate the time of payment or vesting of, increase the amount of, or satisfy a condition to the compensation due to any Person under any Employee Benefit Plan for which Buyer will be liable after the Closing; or (iii) result in the payment of an amount that could, individually or in combination with any other such payment, constitute an "excess parachute payment" under Code Section 280G(b)(1).

(g) No "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) has occurred with respect to any Employee Benefit Plan subject to ERISA, other than such a transaction subject to an administrative or statutory exemption, with respect to which a Tax, penalty or other amount may reasonably be expected to be imposed on any of the Asset Sale Companies or their respective ERISA Affiliates.

(h) Neither the PCC Parent, PCC, the Asset Sale Companies nor any of their respective ERISA Affiliates, nor any organization with respect to which any such entity is a successor or parent corporation, within the meaning of Section 4069(b) of ERISA, has engaged in any transaction described in Sections 4069 or 4212(c) of ERISA.

(i) Each Pension Plan that is not qualified under Code Section 401(a) or 403(a) is exempt from Parts 2, 3 and 4 of Title I of ERISA as an unfunded plan that is maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, pursuant to ERISA Sections 201(2), 301(a)(3) and 401(a)(1).

(j) No assets of any of the Asset Sale Companies are allocated to or held in a "rabbi trust" or similar funding vehicle.

(k) Neither the PCC Parent, PCC, the Asset Sale Companies nor any of their respective ERISA Affiliates has received any notification that any Multiemployer Plan is in reorganization (within the meaning of Section 4121 of ERISA), is insolvent (within the meaning of Section 4245 of ERISA) or has been terminated (within the meaning of Title IV of ERISA), and to the Knowledge of PCC, no Multiemployer Plan is reasonably expected to be in reorganization, insolvent or terminated.

(l) No Welfare Plan is a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA.

3.12. Employment Matters.

None of the Asset Sale Companies is a party to, bound by, or negotiating with respect to any agreement with any labor union, association or other employee group, nor is any unit of Employees of the Asset Sale Companies represented by any labor union or similar association. No labor union or employee organization has been certified or recognized as the collective bargaining representative of any Employees of the Asset Sale Companies. To the Knowledge of PCC, there are no active union organizational campaigns or representation proceedings underway or threatened with respect to any Employees of the Asset Sale Companies, nor are there any existing or threatened labor strikes, work stoppages, slowdowns, grievances, unfair labor practice charges, discrimination charges or labor arbitration proceedings affecting Repair Activities at or deliveries to any mine or other facility of the Asset Sale Companies. Each of the Asset Sale Companies has been and is in compliance with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance would not reasonably be expected to impose any material Liability on the Asset Sale Companies.

3.13. No Broker.

None of the Asset Sale Companies, PCC or the PCC Parent has had any dealings, negotiations or communications with or retained any broker or other intermediary in connection with the transactions contemplated by this Agreement and none of the foregoing is committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby, other than Rothschild Inc., who shall be compensated solely by PCC or an Affiliate of PCC.

3.14. Health and Safety Requirements.

As it relates to the Purchased Assets, each of the Asset Sale Companies has complied with all applicable Health and Safety Requirements and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice is currently outstanding against any of them alleging any failure to so comply, except for those that would not reasonably be expected to have a Material Adverse Effect.

3.15. Restrictions on Business Activities.

Except for this Agreement, there is no agreement, judgment, injunction, order or decree binding upon PCC or any of the Asset Sale Companies that has or would reasonably be expected to have the effect of prohibiting the conduct of the Business.

3.16. Powers of Attorney.

There are no outstanding powers of attorney executed on behalf of any of the Asset Sale Companies affecting the Purchased Assets.

3.17. Transactions With Affiliates.

The Contracts do not include any Liability between any Asset Sale Company and any Affiliate of such Asset Sale Company. At the Closing, the Purchased Assets will not include any receivable or other Liability from an Affiliate of any Asset Sale Company.

3.18. Absence of Certain Payments.

During the five (5) year period prior to the date of this Agreement, to the Knowledge of PCC, none of the Asset Sale Companies has (nor has any director, officer, agent, or employee of any Asset Sale Company nor any other person, acting on behalf of any Asset Sale Company) directly or indirectly: used any of such company's funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from such company's funds; violated any provision of the Foreign Corrupt Practices Act of 1977 applicable to such company; established or maintained any unlawful or unrecorded fund of such company's monies or other assets; made any false or fictitious entry on the books or records of such company; or made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment, to any person or entity, private or public, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions for such company, or to pay for favorable treatment for business secured or for special concessions already obtained for such company.

3.19. Warranties.

Schedule 3.19 lists all (a) material pending customer complaints and inquiries involving any services provided by any Asset Sale Company prior to the Closing, (b) pending or, to the Knowledge of PCC, threatened, liability claims regarding any service sold or provided by the Company, and (c) material charge backs, material additional work to be undertaken as field work or otherwise, or other material claims with respect to any services provided currently.

3.20. Disclosure.

The representations and warranties contained in this Article III do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article III not misleading.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to PCC that:

4.1. Organization.

Buyer is a duly formed limited liability company, validly existing and in good standing under the Laws of the State of Delaware.

4.2. Execution, Delivery and Performance.

The execution, delivery and performance of this Agreement and each other agreement or instrument executed in connection herewith or delivered pursuant hereto and the consummation of the transactions contemplated herein and therein will not, with or without the giving of notice or the passage of time, or both, (i) conflict with, or result in a violation or breach of, or a default, right to accelerate or loss of rights under, or result in the creation of any Lien, under or pursuant to, any provision of Buyer's organizational documents or of any franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding, any Law, or any finding, order, judgment, writ, injunction or decree to which Buyer is a party or by which Buyer or its respective assets may be bound or affected; or (ii) require the approval, consent or authorization of, or prior notice to, filing with or registration with, any Governmental Authority, or any other Person or entity.

4.3. Authorization.

Buyer has full power and authority to enter into and deliver this Agreement, and each other agreement or instrument (to which it is a party) executed in connection herewith or delivered pursuant hereto and to perform its obligations hereunder and thereunder. Buyer's execution, delivery and performance of this Agreement and all other agreements and instruments executed in connection herewith or delivered pursuant hereto and the transactions contemplated hereby have been duly authorized by all requisite action. This Agreement and all other agreements or instruments executed by Buyer in connection herewith or delivered by Buyer pursuant hereto have been duly executed and delivered by Buyer and this Agreement and all other agreements and instruments executed by Buyer in connection herewith or delivered by Buyer pursuant hereto constitute Buyer's legal, valid and binding obligation, enforceable in accordance with their respective terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting generally the enforcement of creditors' rights).

4.4. No Broker.

Buyer has had no dealings, negotiations or communications with any broker or other intermediary in connection with the transactions contemplated by this Agreement nor is it committed to any Liability for any brokers' or finders' fees or any similar fees in connection with the transactions contemplated hereby.

4.5. Environmental Compliance.

Buyer and all operators it owns or controls are in compliance with all Environmental Laws in all material respects.

4.6. Financing.

Buyer will have available to it, at the Closing, financial resources sufficient to consummate the transactions contemplated by this Agreement.

4.7. Disclosure.

The representations and warranties contained in this Article IV do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article IV not misleading.

ARTICLE V CERTAIN COVENANTS

5.1. Operation in Ordinary Course.

Except as provided in this Agreement, between the date of this Agreement and the Closing, PCC shall cause each of the Asset Sale Companies, in relation to the Purchased Assets, to: (i) carry on its business in the Ordinary Course of Business; (ii) use commercially reasonable efforts to preserve intact its current business organization, Repair Activities and properties until the Closing Date, and maintain the relations and good will with its suppliers, customers, landlords, creditors, agents, and others having business relationships with such Asset Sale Company; (iii) not enter into any contract or other obligation binding upon such Asset Sale Company involving its Employees, any union, or an expenditure, purchase, sale, cost or commitment (unless such contract is cancelable in thirty or fewer days, involves less than \$100,000, or is for consumable purchases) without the prior written consent of Buyer; and (iv) report regularly to Buyer concerning the status of the business, Repair Activities and finances of such Asset Sale Company.

5.2. Compliance with Law.

Between the date of this Agreement and the Closing, each of Asset Sale Companies shall comply in all material respects with all applicable Laws and with all orders of any Governmental Authority.

5.3. Cooperation.

Subject to the terms and conditions herein provided, each of PCC and Buyer agrees to use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper and advisable under Law, to consummate and make effective the transactions contemplated by this Agreement. In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement, PCC and Buyer will, and PCC will cause the Asset Sale Companies to, execute any additional instruments reasonably necessary to consummate the transactions contemplated hereby.

5.4. Notices and Consents.

PCC and Buyer each will use their commercially reasonable efforts to obtain consents of all Governmental Authorities and other third parties necessary to the consummation of the transactions contemplated by this Agreement. PCC shall have responsibility for providing any notices to third parties that may be required by the transactions contemplated by this Agreement and for obtaining, or causing to be obtained, at its sole cost and expense, the consents listed on Schedule 5.4(a) and Buyer shall have responsibility for obtaining, at its sole cost and expense, all consents listed on Schedule 5.4(b), which Schedule shall include all Equipment leases.

5.5. Publicity.

All general notices, releases, statements and communications to any Employees, suppliers, distributors and customers of the Asset Sale Companies, to the general public and to the press relating to the transactions contemplated by this Agreement shall be made only at such times and in such manner as may be mutually agreed upon by PCC and Buyer; provided, however, that either party hereto (or, in the case of PCC, the PCC Parent) shall be entitled to make a public announcement of the foregoing if: (a) in the opinion of its legal counsel, such announcement is required to comply with Law or any listing agreement with any national securities exchange or inter-dealer quotation system; and (b) such disclosing party gives a reasonable period of notice and opportunity to comment to the other party hereto of its intention to make such public announcement; provided, that, failure to comment within 24 hours of receipt of such notice shall be deemed a waiver of the opportunity to comment; and provided, further, that nothing in this Section 5.5 shall operate to prohibit any Asset Sale Company or Buyer from communicating, after the Closing Date, with its respective suppliers, distributors, customers and the Government the fact that the transaction has occurred, or with its employees regarding their employment or the terms and conditions thereof, the operation of the Purchased Assets or matters necessarily related thereto.

5.6. Replacement Bonds; Insurance and Guarantees; Other Filings.

(a) At or prior to the Closing Date, Buyer shall have: (i) secured replacement bonds, replacement sureties, guarantees or other financial security, if applicable, sufficient to allow PCC and the Persons who will be its Affiliates after the Closing Date to be relieved or released as of the Closing Date from all financial commitments, guarantees, collateral agreements or similar undertakings listed on Schedule 5.6; (ii) obtained property and liability insurance customary for a company that is engaged in the Business or a business similar to the Business to insure the Purchased Assets; and (iii) delivered copies of such documents to PCC.

(b) On or prior to the Closing, Buyer shall deliver to PCC: (i) a Certificate of Good Standing for self-insured status or evidence of insurance coverage with respect to Buyer's Liabilities for workers' compensation and federal black lung benefits that arise out of employment by Buyer or any of its Affiliates of Employees on and after the Closing Date, to the extent and in the amounts provided in applicable Laws; and (ii) certification from the Department of Labor of approval of self-insured status in the event Buyer is to be self-insured for federal black lung claim liability.

5.7. Exclusivity.

PCC will not (nor will it cause or permit any of the Asset Sale Companies to) (i) solicit, initiate or encourage the submission of any proposal or offer from any Person relating directly or indirectly to the acquisition of the Purchased Assets, or any portion thereof, or (ii) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner, any effort or attempt by any Person to do or seek any of the foregoing. PCC will notify Buyer immediately if any Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing.

5.8. Access.

At or prior to the Closing Date, PCC will permit (and will cause each of the Asset Sale Companies to permit) representatives of Buyer to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, to all premises, properties, personnel, books, records (including Tax records), contracts and documents of or pertaining to each of the Asset Sale Companies as related to the Purchased Assets. Copies of and access to accounting records, ledgers and other pertinent documents or work papers related to the Purchased Assets will be made available to Buyer at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Asset Sale Companies, upon request.

5.9. Notice of Developments.

Each party will give prompt written notice to the other party of any material adverse development causing a breach of any of its own representations and warranties in Article III and Article IV above. No disclosure by any party pursuant to this Section 5.9, however, shall be deemed to amend or supplement the Schedules to such representations and warranties or to prevent or cure any misrepresentation, breach of warranty or breach of covenant.

5.10. Further Assurances.

The parties shall cooperate in a commercially reasonable manner with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the transactions contemplated.

ARTICLE VI
CONDITIONS PRECEDENT TO CLOSING

6.1. Conditions Precedent to Each Party's Obligations.

The respective obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

(a) no action, suit, proceeding, order, decree or injunction shall have been commenced, threatened or entered by or before any Governmental Authority that remains in force and that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business on or after the Closing Date;

(b) PCC Parent, PCC, Buyer and Buyer's Parent shall have executed and delivered to each other party thereto the Administrative Services Agreement, the Cooperation Agreement and the Indemnification and Guaranty Agreement and any other documentation required in all transactions contemplated or covered by all such agreements, all in form and substance as set forth in Exhibits A, E and F attached hereto and the same shall be in full force and effect;

(c) all other transactions pursuant to which Buyer or any of its Affiliates acquire assets related to the Business shall have been consummated prior to or simultaneously with the transactions contemplated by this Agreement;

(d) PCC and Buyer shall have executed and delivered to each other all such other documents or instruments necessary or appropriate to effect the transactions contemplated by this Agreement, including the documents provided in Section 5.6 hereof; and

(e) PCC shall have obtained, or caused to have been obtained, the consents listed in Schedule (e)(i) and PCC shall have provided such payments as may be reasonably required to obtain all such consents. Buyer shall have obtained, or caused to have been obtained, the consents listed in Schedule (e)(ii) and Buyer shall have provided such payments, guarantees and/or assurances as may be reasonably required to obtain all such consents.

6.2. Conditions Precedent to Obligations of Buyer.

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

(a) all of the representations and warranties of PCC set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality (whether by reference to "Material Adverse Effect" or otherwise), shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be true and correct does not have a Material Adverse Effect; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and Buyer shall have received the PCC Closing Certificate required by Section 6.2(f) below dated as of the Closing Date executed by PCC to such effect;

(b) all of the covenants and obligations that PCC is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;

(c) all proceedings and actions, corporate or other, to be taken by PCC or the Asset Sale Companies in connection with the transactions contemplated by this Agreement and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to Buyer and Buyer's counsel;

(d) PCC shall have, and shall have caused the Asset Sale Companies to have, executed and delivered the Bills of Sale, the Assignment and Assumption Agreements and such other documents as may be necessary to convey to Buyer the Purchased Assets;

(e) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;

(f) Buyer shall have received an opinion of counsel to PCC addressed to Buyer substantially in the form of Exhibit H; and

(g) Buyer shall have received an executed copy of the PCC Closing Certificate.

6.3. Conditions Precedent to Obligations of PCC.

The obligation of PCC to consummate and cause the consummation of the transactions contemplated by this Agreement is subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions precedent:

(a) all of the representations and warranties of Buyer set forth in this Agreement or in any Exhibit, Schedule or document delivered pursuant hereto, without regard to any qualification or limitation with respect to materiality, shall be true and correct in all respects as of the date hereof and at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing unless the aggregate failure of such representations or warranties to be true and correct does not have a material adverse effect on Buyer's ability to consummate the transactions contemplated by this Agreement or fulfill its post-Closing obligations hereunder; provided that if a representation or warranty is expressly made only as of a specific date, it need only be true and correct in all respects as of such date, and PCC shall have received Buyer's Closing Certificate required by Section 6.3(h) below dated as of the Closing Date executed by Buyer to such effect;

(b) all of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date shall have been duly performed and complied with in all material respects;

(c) all proceedings and actions, corporate or other, to be taken by Buyer in connection with the transactions contemplated by this Agreement, and all documents incident thereto, including all actions necessary to authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, shall have been taken and shall be reasonably satisfactory in form and substance to PCC and its counsel;

(d) PCC shall have received, on behalf of the Asset Sale Companies, the Purchase Price by wire transfer of cash or other immediately available funds;

(e) Buyer shall have executed and delivered the Assignment and Assumption Agreements and such other documents as may be necessary for Buyer to assume all of the Assumed Liabilities;

(f) Buyer shall have delivered to PCC satisfactory evidence of compliance with Section 5.6;

(g) between the date of this Agreement and the Closing Date, there shall not have been a change, event or occurrence that, individually, or together with any other change, event or occurrence, has had or could reasonably be expected to have a Material Adverse Effect;

(h) PCC shall have received an opinion of counsel to Buyer addressed to PCC substantially in the form of Exhibit I; and

(i) PCC shall have received an executed copy of Buyer's Closing Certificate.

ARTICLE VII
CERTAIN TAX MATTERS

7.1. Property Taxes.

Property Taxes of the Asset Sale Companies with respect to the Purchased Assets (including, without limitation, property Taxes payable as a tenant or lessee under any lease) will be pro-rated as of the Closing Date and, notwithstanding any other provision of this Agreement, the economic burden of any such property Tax will be borne by (i) the Asset Sale Companies for all Pre-Closing Periods and the portion of any Straddle Period through the Closing Date and (ii) by Buyer for all Post-Closing Periods and the portion of any Straddle Period after the Closing Date. Accordingly, notwithstanding any other provision of this Agreement, (i) if any Asset Sale Company pays such a property Tax with respect to a Post-Closing Period or the portion of Straddle Period after the Closing Date, Buyer will reimburse PCC on behalf of such Asset Sale Company within 15 days after receiving from PCC written demand for the amount of such property Tax, and (ii) if Buyer pays such a property Tax with respect to a Pre-Closing Period or the portion of a Straddle Period through the Closing Date, PCC on behalf of the Asset Sale Companies will reimburse Buyer within 15 days after receiving from Buyer written demand for the amount of such property Tax. For purposes of pro-rating property Taxes, the amount of any property Tax attributable to the portion of a Straddle Period through the Closing Date shall be deemed to be the amount of such property Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the Straddle Period through the Closing Date and the denominator of which is the number of days in the entire Straddle Period. In determining the Straddle Period for property Taxes, the Tax period as reflected on the statement of Taxes due, property Tax bill, property "tax ticket," or any other request for payment from a Governmental Authority will determine the taxable period (e.g., a Virginia property Tax bill that indicates the tax year as 2002 is for a Tax for the taxable period January 1, 2002 through December 31, 2002).

7.2. Sales and Use Taxes.

Buyer and PCC or the Asset Sale Companies hereby intend that the transaction be an occasional sale within the meaning of Virginia Code Section 58.1-602 and regulations thereunder, and therefore exempt from Virginia sales and use Tax pursuant to Virginia Code Section 58.1-609. PCC will be responsible for sales and use Taxes payable as a result of the failure of this transaction to qualify as an occasional sale or as an exempt transaction under any other Virginia law; provided, however, that any use Tax payable as a result of this transaction that would be payable regardless of whether the transaction qualifies as an occasional sale or not shall be paid by Buyer.

7.3. Transfer Taxes.

All transfer, recording and similar Taxes arising in connection with the transactions contemplated hereunder shall be borne equally by PCC and Buyer. PCC and Buyer shall (and they shall cause their respective Affiliates to) cooperate to comply with all Tax Return requirements for such Taxes and provide such documentation and take such other actions as may be necessary to minimize the amount of any such Taxes.

7.4. Access for Tax Returns.

Following the Closing Date, Buyer shall, at reasonable times, and in a manner so as not to interfere with normal business operations, allow PCC (and if requested by PCC, representatives of federal, state or local agencies) access to the Purchased Assets for purposes of reviewing information pertinent to any Tax Return filed by PCC Parent or any of its Affiliates, including the Asset Sale Companies.

ARTICLE VIII
COVENANTS REGARDING EMPLOYEES

8.1. Employees.

(a) Subject to the requirements of applicable Laws, but no later than immediately prior to the Closing, PCC will cause the Asset Sale Companies to terminate the employment of its Employees with respect to the Purchased Assets.

(b) From time to time after the Closing Date, PCC and Buyer may require information with respect to current or former Employees. Without intending to limit the obligations of the parties in the exchange of information with respect to any other matter or in accordance with the Cooperation Agreement, PCC and Buyer agree to furnish such information to the other, if available, promptly after receipt of a written request therefor.

ARTICLE IX
TERMINATION

9.1. Termination.

This Agreement may be terminated prior to the Closing Date only as follows:

(a) by mutual written consent of PCC and Buyer;

(b) by either PCC or Buyer, if the Closing Date shall not have occurred prior to the close of business on December 31, 2002 or such later date as the parties may agree in writing (provided, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause, in whole or in part, of, or has resulted in, the failure of the conditions in Article VI to be satisfied and the Closing Date to occur on or before such date);

(c) by PCC or Buyer if an action, suit, or proceeding, shall have been commenced or threatened by or before any Governmental Authority, or any order, decree or injunction shall have been entered therein, that (i) prohibits, seeks to prohibit, or imposes or seeks substantial damages in connection with, the consummation of the transactions contemplated by this Agreement, (ii) seeks or imposes relief that causes or would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (iii) affects adversely the right of Buyer to own the Purchased Assets or to operate the Business;

(d) by Buyer if (i) the representations of PCC contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure; or (ii) PCC has failed to comply materially with its respective obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from Buyer to PCC of such failure; or

(e) by PCC if (i) the representations of Buyer contained in this Agreement are not true and correct in all material respects as if made at and as of that time, except for failures to be true and correct that are capable of being and are cured within fifteen (15) days after written notice from PCC to Buyer of such failure; or (ii) Buyer has failed to comply materially with its obligations under this Agreement, except for failures to comply that are capable of being and are cured within fifteen (15) days after written notice from the PCC to Buyer of such failure.

9.2. Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1 hereof, all further obligations of the parties under or pursuant to this Agreement shall terminate without further Liability of either party to the other except: (a) as set forth in Section 10.4; and (b) for breaches of representations, warranties, or covenants or for fraud. PCC and Buyer hereby agree that the provisions of this Section 9.2 and of Section 10.4 shall survive any termination of this Agreement pursuant to the provisions of this Article IX.

ARTICLE X
MISCELLANEOUS

10.1. Entire Agreement.

This Agreement, the documents referred to herein and to be delivered pursuant hereto and any other agreement entered into contemporaneously with this Agreement among PCC, PCC Parent, Buyer and Buyer's Parent or the Affiliates of any of them constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersede all prior agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein or therein.

10.2. Amendment.

This Agreement may be amended by an instrument in writing and signed on behalf of all of the parties hereto at any time.

10.3. Extension; Waiver.

At any time prior to the Closing Date, the parties may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document, certificate or writing delivered pursuant hereto or (iii) waive compliance with any of the agreements or conditions contained herein, other than the conditions contained in Section 6.1(a) hereof as it relates to the entry of an order in any proceeding by or before a Governmental Authority. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in an instrument in writing and signed on behalf of such party.

10.4. Expenses.

Whether or not the transactions contemplated by this Agreement are consummated, each of the parties hereto shall pay the fees and expenses of their respective counsel, investment bankers, financial advisors, accountants and other experts and the other expenses incident to the negotiation and preparation of this Agreement and consummation of the transactions contemplated hereby.

10.5. Bulk Sales Waiver.

Buyer hereby waives compliance with all applicable bulk sales Laws.

10.6. Governing Law.

This Agreement shall be construed and interpreted according to the Laws of the Commonwealth of Virginia, without regard to the conflicts of Law rules thereof.

10.7. Assignment.

This Agreement and each party's respective rights hereunder may not be assigned at any time except as expressly set forth herein without the prior written consent of the other party, provided that PCC may assign its rights hereunder to any Affiliate of PCC after the Closing Date without the consent of Buyer and Buyer may assign its rights hereunder to any Affiliate of Buyer prior to, at or after the Closing Date without the consent of PCC and, further provided, that nothing in this Agreement shall prevent a successor in interest to either party from enforcing the provisions of this Agreement.

If to Buyer: Maxxim Rebuild Co., LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

With a copy to: First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

10.9. Counterparts; Headings.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. The Table of Contents and Article and Section headings in this Agreement are inserted for convenience of reference only and shall not constitute a part hereof.

10.10. Interpretation; Construction.

(a) Unless the context requires otherwise, all words used in this Agreement in the singular number shall extend to and include the plural, all words in the plural number shall extend to and include the singular and all words in any gender shall extend to and include all genders.

(b) This Agreement has been fully negotiated by the parties hereto and shall not be construed by any Governmental Authority against either party as the drafting party.

10.11. Severability.

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

10.12. No Reliance.

No third party is entitled to rely on any of the representations, warranties and agreements contained in this Agreement and PCC and Buyer assume no Liability to any third party because of any reliance on the representations, warranties and agreements of PCC and Buyer contained in this Agreement, other than Section 5.5 and Article VIII hereof, which are intended to be for the benefit of the Persons expressly covered thereby and may be enforced by such Persons.

10.13. Retention of and Access to Records.

After the Closing Date, Buyer shall retain for a period consistent with Buyer's record retention policies and practices those books and records relating to the Asset Sale Companies delivered to Buyer. Buyer also shall provide to PCC and its Affiliates reasonable access thereto, during normal business hours and on at least three days' prior written notice, to enable them to prepare financial statements or Tax Returns or deal with Tax audits or litigation. Buyer shall deliver to PCC at least thirty days written notice prior to the destruction or other disposal of any such books and records. PCC and its Affiliates may elect to take delivery of any such books and records that Buyer intends to destroy or otherwise dispose of and to copy any such books and records that Buyer intends to keep, all at their own expense.

10.14. Arbitration.

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute"), excluding any dispute or disagreement among the parties concerning the allocation of Purchase Price and Assumed Liabilities, which shall be resolved pursuant to Section 2.9, shall be decided by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to select an arbitrator within fourteen calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Section 10.14 shall be the exclusive means to resolve all Disputes.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development
and Technical Resources

MAXXIM REBUILD CO., LLC

By: /s/ Eddie Neely

Name: Eddie Neely
Title: Vice President

SCHEDULE 1.4

ASSET SALE COMPANIES

Maxxim Rebuild Company, Inc., a Delaware corporation

Pittston Coal Management Company, a Virginia corporation

PITTSTON COAL COMPANY
448 N. E. Main Street
Lebanon, Virginia 24266

December 13, 2002

Maxxim Rebuild Co., LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212

Ladies and Gentlemen:

Reference is made to the Asset Purchase Agreement (the "Agreement"), dated as of October 29, 2002, as amended to but not including the date hereof, by and between Pittston Coal Company ("PCC") and Maxxim Rebuild Co., LLC ("Buyer"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Agreement.

PCC and Buyer desire to amend certain provisions of the Agreement and, in consideration of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Schedules to the Agreement are hereby amended and restated in their entirety as attached hereto as Exhibit A.
2. Except as amended by this letter agreement, the Agreement shall continue in full force and effect.
3. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any executed counterpart of this letter agreement or other signature hereto delivered by a party by facsimile shall be deemed for all purposes as being good and valid execution and delivery of this letter agreement by such party.

[SIGNATURE PAGE FOLLOWS]

Sincerely,

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development
and Technical Resources

ACKNOWLEDGED AND AGREED:

MAXXIM REBUILD CO., LLC

By: /s/ Eddie Neely

Name: Eddie Neely
Title: Vice President

INDEMNIFICATION AND GUARANTY AGREEMENT, dated as of December 13, 2002, by and among PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), THE PITTSTON COMPANY, a Virginia corporation ("Pittston"), ALPHA NATURAL RESOURCES, LLC, a Delaware limited liability company ("Buyer's Parent") and MAXXIM REBUILD CO., LLC, a Delaware limited liability company ("Buyer").

RECITALS

WHEREAS, Buyer and PCC have entered into an asset purchase agreement dated October 29, 2002 (such agreement, together with the Exhibits and Schedules attached thereto, as the same may be amended from time to time in accordance with the terms thereof, being hereinafter referred to as the "Acquisition Agreement"), pursuant to which Buyer will purchase or acquire from PCC and certain of its Affiliates certain assets, and assume certain liabilities, all upon the terms and subject to the conditions set forth in the Acquisition Agreement;

WHEREAS, PCC and Buyer desire to provide for the terms upon which they will indemnify each other with respect to certain matters relating to the transactions contemplated by the Acquisition Agreement;

WHEREAS, Pittston owns, indirectly, all of the outstanding capital stock of PCC and, as an inducement to Buyer to enter into the Acquisition Agreement, has agreed to guarantee the obligations of PCC and certain of PCC's Affiliates under this Agreement and the Acquisition Agreement; and

WHEREAS, Buyer's Parent owns all of the outstanding membership interests of Buyer and, as an inducement to PCC to enter into the Acquisition Agreement, has agreed to guarantee the obligations of Buyer under this Agreement and the Acquisition Agreement;

NOW, THEREFORE, in consideration of the premises and mutual agreements, covenants and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

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ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified below. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings specified in the Acquisition Agreement.

1.1. Acquisition Agreement.

"Acquisition Agreement" shall have the meaning set forth in the Recitals to this Agreement.

1.2. Adverse Consequences.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

1.3. Basket.

"Basket" shall have the meaning set forth in Section 2.1(b)(i) hereof.

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1.4. Buyer.

"Buyer" shall have the meaning set forth in the preamble to this Agreement.

1.5. Buyer Indemnified Persons.

"Buyer Indemnified Persons" shall mean Buyer, its Affiliates (including, after Closing, one or more Buyer Affiliates formed to hold the Virginia coal operations of PCC acquired pursuant to the Acquisition Agreement), and their respective members, directors, officers, employees, consultants, agents, attorneys and representatives.

1.6. Buyer's Parent.

"Buyer's Parent" shall have the meaning set forth in the preamble to this Agreement.

1.7. Buyer's Parent Guaranty.

"Buyer's Parent Guaranty" shall have the meaning set forth in Section 3.2 hereof.

1.8. Claim Notice.

"Claim Notice" shall have the meaning set forth in Section 2.3(b) hereof.

1.9. Dispute.

"Dispute" shall have the meaning set forth in Article VII hereof.

1.10. Indemnified Party.

"Indemnified Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.11. Indemnifying Party.

"Indemnifying Party" shall have the meaning set forth in Section 2.3(b) hereof.

1.12. Other Acquisition Agreements.

"Other Acquisition Agreements" shall mean the agreements set forth on Schedule A attached hereto.

1.13. Other Indemnification Agreements.

"Other Indemnification Agreements" shall mean the agreements set forth on Schedule B attached hereto.

1.14. PCC.

"PCC" shall have the meaning set forth in the preamble to this Agreement.

1.15. Pittston.

"Pittston" shall have the meaning set forth in the preamble to this Agreement.

1.16. Pittston Guaranty.

"Pittston Guaranty" shall have the meaning set forth in Section 3.1 hereof.

1.17. Pittston Indemnified Persons.

"Pittston Indemnified Persons" shall mean Pittston, PCC, the Asset Sale Companies and their respective directors, officers, employees, agents, stockholders and their respective Affiliates, and their respective directors, officers, employees, consultants, agents, attorneys and representatives.

ARTICLE II
INDEMNIFICATION

2.1. Indemnification by PCC.

(a) PCC agrees to indemnify and hold harmless Buyer Indemnified Persons from and against, and reimburse them for, any and all Adverse Consequences that any Buyer Indemnified Persons may suffer or incur or become subject to as a result of:

(i) the inaccuracy or breach of any representation or warranty made by PCC to Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with the terms shall not be deemed without more to have caused a breach of any representation or warranty);

(ii) any failure by PCC to carry out, perform, satisfy or discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement (other than Article VII and Article VIII thereof);

(iii) any failure by PCC to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under Article VII and/or Article VIII of the Acquisition Agreement; and

(iv) any failure by PCC or the Asset Sale Companies to satisfy the Retained Liabilities.

(b) Notwithstanding the provisions of Section 2.1(a), PCC shall not be required to indemnify any of Buyer Indemnified Persons with respect to the matters described in Sections 2.1(a)(i) and 2.1(a)(ii):

(i) unless and until the sum of (A) the Adverse Consequences for which indemnification pursuant to (1) Sections 2.1(a)(i) and 2.1(a)(ii) or (2) in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by Buyer to obtain any of the consents listed on Schedule 6.1(e)(i) of the Acquisition Agreement or in Schedule 6.1(e)(i) of the Other Acquisition Agreements, shall exceed \$100,000 (the "Basket"), in which case the entire amount of such Adverse Consequences is recoverable;

(ii) unless the right to indemnity is asserted pursuant to Section 2.3, (i) on or before thirty (30) days after the Closing Date for any breach of PCC's representations specified in Section 3.6(c) of the Acquisition Agreement, (ii) on or before the fifth anniversary of the Closing Date for any breach of PCC's representations specified in Section 3.8 of the Acquisition Agreement and (iii) on or before the second anniversary of the Closing Date for any other matter described in Section 2.1(a)(i) or (ii); and

(iii) for any matter, to the extent that the aggregate amount of the Adverse Consequences for which Buyer Indemnified Persons have been indemnified pursuant to Sections 2.1(a)(i) and 2.1(a)(ii) or in Sections 2.1(a)(i) and 2.1(a)(ii) of the Other Indemnification Agreements exceeds \$15,000,000 (the "Cap").

(c) Notwithstanding the foregoing, PCC agrees that any claim by a Buyer Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of PCC's representations specified in Sections 3.1, 3.2, 3.3, 3.6(a) and 3.13 of the Acquisition Agreement or (ii) pursuant to Sections 2.1(a)(iii) and 2.1(a)(iv), shall not be subject to the provisions of paragraph (b) of this Section 2.1.

(d) PCC agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Buyer Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Buyer Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.2. Indemnification by Buyer.

(a) Buyer agrees to indemnify and hold harmless Pittston Indemnified Persons from and against and reimburse them for, any and all Adverse Consequences that any Pittston Indemnified Persons may suffer or incur or become subject to as a result of:

(i) the inaccuracy or breach of any representation or warranty made by Buyer in the Acquisition Agreement either: (A) as of the date on which such representation or warranty was made or (B) as of the Closing Date (provided that the consummation of the transactions contemplated by the Acquisition Agreement in accordance with its terms shall not be deemed without more to have caused a breach of any representation or warranty);

(ii) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under the Acquisition Agreement (other than Article VII and Article VIII thereof);

(iii) the ownership of the Purchased Assets on or after the Closing Date;

(iv) any failure by Buyer to carry out, perform, satisfy and discharge any of its covenants, agreements, undertakings, liabilities or obligations in or under Article VII and/or Article VIII of the Acquisition Agreement, excluding the Retained Liabilities;

(v) any liability that any Pittston Indemnified Person may suffer or incur or become subject to because of any actions it takes pursuant to the Administrative Services Agreement; provided, however, that this Section 2.2(a)(v) shall not apply to any liability resulting from or arising out of any Pittston Indemnified Person's conduct in bad faith or willful misconduct; and

(vi) any failure by Buyer to satisfy the Assumed Liabilities.

(b) The foregoing notwithstanding, Buyer shall not be required to indemnify any Pittston Indemnified Persons with respect to the matters described in Sections 2.2(a)(i) and 2.2(a)(ii):

(i) unless and until the sum of (A) Adverse Consequences for which indemnification pursuant to (1) Sections 2.2(a)(i) and 2.2(a)(ii) or (2) in Sections 2.2(a)(i) and 2.2(a)(ii) of the Other Indemnification Agreements is sought plus (B) any amounts paid by PCC to obtain any of the consents listed on Schedule 6.1(e)(ii) of the Acquisition Agreement or in Schedule 6.1(e)(ii) of the Other Acquisition Agreements, shall exceed the Basket, in which case the entire amount of such Adverse Consequences is recoverable;

(ii) unless the right to indemnity is asserted on or before the second anniversary of the Closing Date pursuant to Section 2.3; and

(iii) for any matter, to the extent that the aggregate amount of Adverse Consequences for which the Pittston Indemnified Persons have been indemnified pursuant to Sections 2.2(a)(i) and 2.2(a)(ii) or in Sections 2.2(a)(i) and 2.2(a)(ii) of the Other Indemnification Agreements exceeds the Cap.

(c) Notwithstanding the foregoing, Buyer agrees that any claim by a Pittston Indemnified Person for indemnification (i) arising out of, relating to, in the nature of or caused by any breach of Buyer's representations specified in Sections 4.1, 4.2, 4.3 and 4.4 of the Acquisition Agreement or (ii) pursuant to Sections (a)(iii) through 2.2(a)(vi), shall not be subject to the provisions of paragraph (b) of this Section 2.2.

(d) Notwithstanding the foregoing, nothing in Section 2.2(a)(iii) shall diminish the right of any Buyer Indemnified Person to seek indemnification from PCC after the Closing Date pursuant to the terms of this Agreement.

(e) Buyer agrees that its indemnification obligation under this Agreement includes the obligation to indemnify Pittston Indemnified Persons for Adverse Consequences suffered through and after the date of the claim for indemnification (including any Adverse Consequences Pittston Indemnified Persons may suffer after the end of any applicable survival period, as long as a claim for indemnification is made before the end of the applicable survival period and the Adverse Consequences suffered relate to such claim).

2.3. Indemnification Procedures.

(a) All claims for indemnification under this Agreement shall be asserted and resolved pursuant to this Section 2.3.

(b) Each party entitled to indemnification under this Agreement (the "Indemnified Party") shall give notice (a "Claim Notice") to the party required to provide such indemnification (the "Indemnifying Party") promptly after such Indemnified Party has notice of any Adverse Consequence which may give rise to a claim for indemnification against the other party under this Agreement, provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced. The Indemnified Party shall not be required to commence litigation or take any action against any third party prior to delivery of the Claim Notice.

(c) The Indemnifying Party will have the right (at its expense) to assume the investigation and/or defense of any Adverse Consequence or any litigation resulting therefrom so long as (i) the Indemnifying Party notifies the Indemnified Party in writing (within 20 days after the Indemnified Party has given the Claim Notice) that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of the Adverse Consequence, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend, and otherwise indemnify for, the Adverse Consequence and fulfill its indemnification obligations hereunder and (iii) the Adverse Consequence involves only money damages and does not seek an injunction or other equitable relief.

(d) So long as the Indemnifying Party is conducting the defense of the Adverse Consequence in accordance with Section 2.3(c), (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Adverse Consequence, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnifying Party (not to be withheld unreasonably), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Adverse Consequence without the prior written consent of the Indemnified Party; provided, that the Indemnifying Party may consent to such judgment or enter into such settlement without the prior written consent of the Indemnified Party so long as an unconditional term of any such judgment or settlement includes the giving by the claimant or plaintiff to the Indemnified Party of a release from all liability with respect to such Adverse Consequence.

(e) In the event any of the conditions in Section 2.3(c) is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Adverse Consequence in any manner it may reasonably deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Adverse Consequence (including reasonable attorneys' fees and expenses), and (C) the Indemnifying Parties will remain responsible for any Adverse Consequence the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of or caused by the Adverse Consequence to the fullest extent provided in this Agreement.

(f) Any indemnification with respect to the matters set forth in Section 2.1(a)(iv) and addressed expressly in the Cooperation Agreement shall be conducted exclusively in accordance with the Cooperation Agreement. Notwithstanding any provision of this Agreement, PCC shall have no obligation to indemnify any Buyer Indemnified Person with respect to any claim or matter to the extent that any Buyer Indemnified Person has failed to comply with its obligations under the Cooperation Agreement with respect to such claim or matter or has taken any action that prevents, hinders or delays PCC from managing or disposing of such claim or matter in the manner elected by PCC in its sole discretion.

2.4. Insurance Proceeds.

The amount of any indemnification payable in connection with any transaction contemplated by this Agreement or the Acquisition Agreement shall be net of any insurance proceeds available, under any insurance policies in effect at the time that are maintained in the Ordinary Course of Business, to a Buyer Indemnified Person or a Pittston Indemnified Person, respectively, in connection with the events or circumstances giving rise to the indemnification. For purposes of this Section 2.4, any pollution and legal liability insurance policies or an insurance policy covering loss in connection with the representations and warranties contained in the Acquisition Agreement will be deemed not to be maintained in the Ordinary Course of Business.

2.5. Exclusivity of Rights and Procedures.

The parties agree that, except as set forth in Section 2.3(f) of this Agreement, Article VII of the Acquisition Agreement or any Articles titled "Certain Tax Matters" of the Other Acquisition Agreements, this Agreement shall constitute the sole and exclusive remedy of the parties hereto with respect to the subject matters addressed in this Agreement, the Acquisition Agreement and the transactions contemplated by the Acquisition Agreement. Each party to this Agreement hereby waives and releases the other parties from any and all claims and other causes of action, including claims for contribution, related to those subject matters, other than claims (i) pursuant to the terms of this Agreement, (ii) related to the Retained Liabilities (in the case of Buyer Indemnified Persons) or the Assumed Liabilities (in the case of the Pittston Indemnified Persons), (iii) for fraud, and (iv) for injunctive relief.

ARTICLE III
GUARANTIES

3.1. Pittston Guaranty.

(a) Pittston hereby irrevocably and unconditionally guarantees to Buyer (the "Pittston Guaranty") the full and punctual performance and compliance by PCC with each and every covenant, term and condition to be performed or complied with by PCC under this Agreement and the Acquisition Agreement. The Pittston Guaranty expressed in this Section 3.1 is an absolute, present, primary and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by PCC or upon any other condition or contingency.

(b) Pittston hereby expressly waives (i) notice of acceptance of the Pittston Guaranty and (ii) any other notice given to PCC in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Pittston hereby authorizes Buyer to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of PCC under the Agreement without notice to or consent by Pittston. Pittston acknowledges and agrees that its liability under the Pittston Guaranty is joint and several with PCC and, upon any default by PCC, Buyer shall not be obligated to first attempt enforcement against PCC. Pittston hereby waives any and all defenses to enforcement of the Pittston Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.

(c) Pittston represents and warrants to Buyer that (i) Pittston is a corporation validly existing and in good standing under the laws of the Commonwealth of Virginia; (ii) all necessary corporate action has been duly taken by it to authorize the execution, delivery and performance by it of the Pittston Guaranty, (iii) the Pittston Guaranty is being executed on Pittston's behalf by a duly authorized representative, (iv) the Pittston Guaranty is the legally valid and binding obligation of Pittston enforceable in accordance with its terms, and (v) the execution and the delivery of the Pittston Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Pittston's Articles of Incorporation or Bylaws or of any material franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Pittston is a party or by which Pittston is bound, or any Law or any order, judgment, writ, injunction or decree to which Pittston is a party or by which Pittston may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Pittston or that otherwise relates to the Pittston's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Pittston is subject.

(d) Pittston agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by Buyer Indemnified Persons in enforcing Pittston's liability to Buyer Indemnified Persons under the Pittston Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.

(e) The Pittston Guaranty shall be binding upon Pittston and its successors and assigns, and shall inure to the benefit of and be enforceable by Buyer and its successors and assigns. For purposes of the Pittston Guaranty, Pittston shall be deemed to include the surviving entity in any merger or consolidation involving Pittston, which survivor shall be bound by the provisions of the Pittston Guaranty and this Agreement.

3.2. Buyer's Parent Guaranty.

(a) Buyer's Parent hereby irrevocably and unconditionally guarantees to PCC (the "Buyer's Parent Guaranty") the full and punctual performance and compliance by Buyer with each and every covenant, term and condition to be performed or complied with by Buyer under this Agreement and the Acquisition Agreement. Buyer's Parent Guaranty expressed in this Section 3.2 is an absolute, present, primary and continuing guaranty of performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to enforce such performance or compliance by Buyer or upon any other condition or contingency.

(b) Buyer's Parent hereby expressly waives (i) notice of acceptance of Buyer's Parent Guaranty and (ii) any other notice given to Buyer in accordance with the provisions of the Agreement on any default under the Agreement or otherwise. Buyer's Parent hereby authorizes PCC to forbear with respect to, amend, modify, enlarge, extend, compromise and discharge any or all of the obligations of Buyer under the Agreement without notice to or consent by Buyer's Parent. Buyer's Parent acknowledges and agrees that its liability under Buyer's Parent Guaranty is joint and several with Buyer and, upon any default by Buyer, PCC shall not be obligated to first attempt enforcement against Buyer. Buyer's Parent hereby waives any and all defenses to enforcement of Buyer's Parent Guaranty, now existing or hereafter arising, which may be available to guarantors, sureties and other secondary parties at law or in equity.

(c) Buyer's Parent represents and warrants to PCC that (i) Buyer's Parent is a limited liability company validly existing and in good standing under the laws of the State of Delaware; (ii) all necessary corporate action has been duly taken by it to authorize the execution, delivery and performance by it of Buyer's Parent Guaranty, (iii) Buyer's Parent Guaranty is being executed on Buyer's Parent's behalf by a duly authorized representative, (iv) Buyer's Parent Guaranty is the legally valid and binding obligation of Buyer's Parent enforceable in accordance with its terms, and (v) the execution and the delivery of Buyer's Parent Guaranty will not (A) conflict with, or result in a violation or breach of, or a default, right to accelerate, right to exercise any remedy or loss of rights under, or result in the creation of any Lien (other than Permitted Liens) under or pursuant to, any provision of Buyer's Parent's Certificate of Formation, Operating Agreement or other organizational documents or of any material franchise, mortgage, deed of trust, lease, license, instrument, agreement, consent, approval, waiver or understanding to which Buyer's Parent is a party or by which Buyer's Parent is bound, or any Law or any order, judgment, writ, injunction or decree to which Buyer's Parent is a party or by which Buyer's Parent may be bound or affected; (B) require the approval, consent or authorization of, prior notice to, or filing or registration with any Governmental Authority or contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel or terminate any authorization or permit issued by a Governmental Authority that is held by Buyer's Parent or that otherwise relates to Buyer's Parent's business; or (C) give any Governmental Authority or other Person the right to challenge any of the transactions contemplated hereunder or exercise any remedy or obtain any relief under any Law to which Buyer's Parent is subject.

(d) Buyer's Parent agrees to pay all reasonable costs and expenses, including reasonable attorney fees and related costs, incurred by the Pittston Indemnified Persons in enforcing Buyer's Parent's liability to the Pittston Indemnified Persons under Buyer's Parent Guaranty whether or not a civil action or similar proceeding (including claims and proceedings in and before the bankruptcy court or arbitrators) is filed, prosecuted or appealed. If an action or proceeding is filed, prosecuted or appealed, the reasonableness of such attorney fees shall be determined by the trial judge and if, appealed, by the appellate court.

(e) Buyer's Parent Guaranty shall be binding upon Buyer's Parent and its successors and assigns, and shall inure to the benefit of and be enforceable by PCC and its successors and assigns. For purposes of Buyer's Parent Guaranty, Buyer's Parent shall be deemed to include the surviving entity in any merger or consolidation involving Buyer's Parent, each of whom shall be bound by the provisions of the Buyer's Parent Guaranty and this Agreement.

ARTICLE IV
SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

ARTICLE V
NOTICES

All communications, notices and disclosures required or permitted by this Agreement shall be in writing and shall be deemed to have been given when delivered personally or by messenger or by overnight delivery service, or within five days of being mailed by registered or certified United States mail, postage prepaid, return receipt requested, in all cases addressed to the person for whom it is intended at his address set forth below or to such other address as a party shall have designated by notice in writing to the other parties in the manner provided by this Article V:

if to PCC or Pittston, to them at:

Pittston Coal Company
448 N.E. Main Street
P. O. Box 5100
Lebanon, Virginia 24266
Attention: President

with a copy to:

Pittston Coal Company
c/o The Pittston Company
1801 Bayberry Court
P. O. Box 18100
Richmond, Virginia 23226-8100
Attention: General Counsel

and a copy to:

Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

if to Buyer:

Maxxim Rebuild Co., LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

if to Buyer's Parent, to it at:

Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

with a copy to:

First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

ARTICLE VI
ASSIGNMENT

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but this Agreement and the rights, interests or obligations hereunder shall not be assignable by Buyer's Parent, Buyer, Pittston or PCC without the prior written consent of the other parties and any attempt to make such an assignment without such consent shall be void and of no effect.

ARTICLE VII
ARBITRATION

Any dispute, controversy or claim arising out of or relating to this Agreement (a "Dispute") shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. PCC and Buyer shall jointly select one arbitrator. If the two parties shall fail to designate an arbitrator within fourteen (14) calendar days after arbitration is requested, then such arbitrator shall be selected by the American Arbitration Association or any successor thereto upon application of either party. No Dispute shall be consolidated in any arbitration with any dispute, claim or controversy of any other party. The arbitration shall be conducted in Roanoke, Virginia, and any court having jurisdiction thereof may immediately issue judgment on the arbitration award. The parties agree that the arbitration provided for in this Article VII shall be the exclusive means to resolve all Disputes.

ARTICLE VIII
MISCELLANEOUS

8.1. Headings.

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

8.2. Integration.

This Agreement and any other agreement entered into contemporaneously with this Agreement among PCC, Pittston, Buyer and Buyer's Parent or the Affiliates of any of them constitute the entire agreement and supercede all prior agreements and understandings not reflected in the Acquisition Agreement, both written and oral, among the parties with respect to the subject matter hereof.

8.3. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8.4. Governing Law.

This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the Commonwealth of Virginia, without regard to the conflicts of laws principles thereof.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

MAXXIM REBUILD CO., LLC,
a Delaware limited liability company

By:/s/ Eddie Neely

Name: Eddie Neely
Title: Vice President

ALPHA NATURAL RESOURCES, LLC, a Delaware limited liability company

By:/s/ Mike Quillen

Name: Mike Quillen
Title: President

PITTSTON COAL COMPANY,
a Delaware corporation

By:/s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development and
Technical Resources

THE PITTSTON COMPANY,
a Virginia corporation

By:/s/ James B. Hartough

Name: James B. Hartough
Title: Vice President - Corporate Finance
and Treasurer

Schedule A

Asset Purchase Agreement by and between Pittston Coal Company and Dickenson-Russell Coal Company, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Paramont Coal Company Virginia, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Land and Reserves, LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Coal Sales Co., LLC, dated as of October 29, 2002, as amended.

Asset Purchase Agreement by and between Pittston Coal Company and Alpha Terminal Company, LLC, dated as of October 29, 2002, as amended.

Schedule B

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Dickenson-Russell Coal Company, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Paramount Coal Company Virginia, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Land and Reserves, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Coal Sales Co., LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

Indemnification and Guaranty Agreement by and among The Pittston Company, Pittston Coal Company, Alpha Terminal Company, LLC and Alpha Natural Resources, LLC, dated as of December 13, 2002.

COOPERATION AGREEMENT
 BY AND BETWEEN
 PITTSTON COAL COMPANY
 AND
 MAXXIM REBUILD CO., LLC

December 13, 2002

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COOPERATION AGREEMENT

THIS COOPERATION AGREEMENT, made as of December 13, 2002, by and between PITTSTON COAL COMPANY, a Delaware corporation ("PCC"), on its own behalf and on behalf of its Affiliates, and MAXXIM REBUILD CO., LLC, a Delaware limited liability company ("Maxxim LLC"), on its own behalf and on behalf of its Affiliates.

RECITALS

WHEREAS, Maxxim LLC, PCC and certain Affiliates of PCC have entered into a certain asset purchase agreement as set forth on Schedule A, dated as of October 29, 2002 (such agreement, together with the Exhibits and Schedules attached thereto being hereinafter referred to as the "Acquisition Agreement"), pursuant to which Maxxim LLC has agreed to purchase or acquire from PCC and certain of its Affiliates certain assets, and assume certain liabilities, all upon the terms and subject to the conditions set forth in the Acquisition Agreement;

WHEREAS, pursuant to the Acquisition Agreement, PCC has agreed to retain certain liabilities and certain assets; and

WHEREAS, PCC, PCC Parent, Maxxim LLC and Alpha Natural Resources, LLC, a Delaware limited liability company, have entered into the Indemnification and Guaranty Agreement; and

WHEREAS, PCC and Maxxim LLC desire to establish certain administrative procedures with respect to their respective obligations under the Acquisition Agreement; provided, however, that nothing in this Agreement is intended in any way to reallocate risk or modify the allocation of liabilities in the Acquisition Agreement or the Indemnification and Guaranty Agreement; and provided, further, that nothing in this Agreement, the Acquisition Agreement or the Indemnity Agreement is intended to, nor should be construed to, establish a single employer, joint employer, common employer and/or alter ego relationship between PCC and its Affiliates on the one hand and Maxxim LLC and its Affiliates on the other hand.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein and in the Acquisition Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, PCC and Maxxim LLC agree that:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following terms shall have the meanings specified below. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings specified in the Acquisition Agreement.

1.1. Acquisition Agreement.

"Acquisition Agreement" shall have the meaning set forth in the Recitals to this Agreement.

1.2. Affiliates, Successors, Assigns, Lessees or Contractors.

"Affiliates, Successors, Assigns, Lessees or Contractors" shall mean Maxxim LLC's Affiliates, contractual successors and assigns, and lessees and contractors who, as part of a contractual arrangement with Maxxim LLC or one of its Affiliates, offer employment to the current or former Employees of an Asset Sale Company.

1.3. Agreement.

"Agreement" shall mean this Cooperation Agreement, together with the Schedule[s] attached hereto, as the same may be amended from time to time in accordance with the terms hereof.

1.4. Coal Act Liabilities.

"Coal Act Liabilities" shall mean those Retained Liabilities specified in Section 1.71(i) of the Acquisition Agreement.

1.5. Communications.

"Communications" shall have the meaning set forth in Section 2.1(a) hereof.

1.6. Employee Related Liabilities.

"Employee Related Liabilities" shall mean those Retained Liabilities specified in Sections 1.71(d), 1.71(e), 1.71(f), 1.71(h), 1.71(j), 1.71(k), and 1.71(m) of the Acquisition Agreement.

1.7. Maxxim LLC.

"Maxxim LLC" shall have the meaning set forth in the preamble to this Agreement.

1.8. PCC.

"PCC" shall have the meaning set forth in the preamble to this Agreement.

1.9. Recurrence Claim.

"Recurrence Claim" shall have the meaning set forth in Section 3.4 hereof.

1.10. Third Parties.

"Third Parties" shall have the meaning set forth in Section 7.3 hereof.

1.11. UMWA.

"UMWA" shall mean the International Union, United Mine Workers of America, including its district and local unions.

1.12. Workers' Compensation and Federal Black Lung Liabilities.

"Workers' Compensation and Federal Black Lung Liabilities" shall mean those Retained Liabilities specified in Sections 1.71(b) and 1.71(c) of the Acquisition Agreement. ARTICLE II..... COAL ACT LIABILITIES

2.1. General.

In order to assist PCC with regard to the satisfaction of the Coal Act Liabilities, PCC and Maxxim LLC agree as follows:

(a) Notices and Communication.

In the event Maxxim LLC or any of its Affiliates, Successors, Assigns, Lessees or Contractors receive from any administrative, judicial or other source any claims, communications, correspondence, notices, invoices and/or other documents (collectively, "Communications") that are related to the Coal Act Liabilities, Maxxim LLC agrees that it shall, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to:

- (i) promptly send to PCC or its designated Affiliate a copy of any such Communications; and
- (ii) cooperate with PCC in notifying the sender of the Communications that such Communications should be sent to PCC or its designated Affiliate.

(b) Litigation.

PCC shall have the exclusive right to pursue and/or defend currently pending litigation or to commence and/or defend future litigation, with respect to any issue relating to the Coal Act Liabilities, including, but not limited to, claims pertaining to specific beneficiaries, statutory construction or the constitutionality of the Coal Act, as PCC deems necessary or appropriate.

(c) Administration. PCC or one or more of its Affiliates shall be solely responsible for administering the Coal Act Liabilities and shall take such actions as it deems necessary or appropriate to administer the Coal Act Liabilities, including, but not limited to:

- (i) pursuing administrative or judicial challenges to the assignment of beneficiaries to PCC or any of its Affiliates in accordance with the terms of the Coal Act;
- (ii) administering claims under the individual employer plan required to be maintained under Section 9711 of the Coal Act, including entering into agreements with third party administrators and resolving or litigating claim disputes;
- (iii) implementing managed care and/or other methods of delivery; and
- (iv) discussing managed care and cost containment options with the UMWA.

ARTICLE III

WORKERS' COMPENSATION AND FEDERAL BLACK LUNG LIABILITIES

3.1. General.

In order to assist PCC with regard to the satisfaction of the Workers' Compensation and Federal Black Lung Liabilities, PCC and Maxxim LLC agree as follows:

(a) Administration.

PCC or one or more of its Affiliates shall be solely responsible for administering the Workers' Compensation and Black Lung Liabilities, including making such determinations, awarding and denying such benefits, seeking such administrative and judicial rulings and remedies and taking all such other actions as PCC shall deem necessary or appropriate.

(b) Notices and Communication.

- (i) Maxxim LLC and PCC agree to cooperate with each other in providing any notices that may be necessary to the appropriate Governmental Authority regarding the allocation between PCC, on the one hand, and Maxxim LLC, on the other hand, of the Workers' Compensation and Federal Black Lung Liabilities.
- (ii) In the event Maxxim LLC or any of its Affiliates, Successors, Assigns, Lessees or Contractors receive any Communications that are related to the Workers' Compensation and Federal Black Lung Liabilities, Maxxim LLC agrees that it shall, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to, send promptly to PCC or its designated Affiliate a copy of any such Communications.
- (iii) Maxxim LLC and PCC agree to cooperate with each other in providing such notices of the allocation of liabilities under the Acquisition Agreement as Maxxim LLC and PCC deems appropriate to

any insurer or third party administrator providing services or benefits related to the Workers' Compensation and Federal Black Lung Liabilities.

3.2. Litigation and Disputes.

PCC shall have the right to resolve or defend against any claim that is related to the Workers' Compensation and Federal Black Lung Liabilities in such manner as PCC in its discretion deems appropriate, in accordance with such procedures as PCC deems appropriate and with the controlling Workers' Compensation Act and federal black lung Laws, including raising the defense that Maxxim LLC is the responsible operator under the federal black lung Laws because Maxxim LLC or its Affiliates, Successors, Assigns, Lessees or Contractors is a successor-in-interest to PCC or its Affiliates; provided, however, that Maxxim LLC shall have the right to respond that PCC is the responsible operator under the federal black lung Laws notwithstanding Maxxim LLC's acquisition of the Purchased Assets. PCC also shall have the right to institute or defend against any litigation related to the Workers' Compensation and Federal Black Lung Liabilities, except that PCC shall promptly notify Maxxim LLC of any workers' compensation or federal black lung claim in which it intends to assert that Maxxim LLC is responsible for payment of the same under the Acquisition Agreement, in which case Maxxim LLC shall have the right to intervene in any such action to oppose PCC's position. Any dispute as to which entity is the responsible entity for such workers' compensation claims shall be determined in accordance with the Workers' Compensation Acts, and any dispute as to which entity is the responsible operator for such black lung claims shall be determined in accordance with the federal black lung Laws.

3.3. No Adverse Changes.

Maxxim LLC agrees that it will, and will cause its Affiliates, Successors, Assigns, Lessees or Contractors to, use its or their commercially reasonable efforts to retain in effect any lawful program or practice of PCC or its Affiliates in effect at Closing that is intended to reduce employer liability or the length of time an employee is entitled to receive benefits under the Workers' Compensation Act. 3.4. Recurrence of Prior Claims.

In the event Maxxim LLC or any of its Affiliates, Successors, Assigns, Lessees or Contractors receives a claim under the applicable Workers' Compensation Acts or federal black lung Laws and Maxxim LLC or its Affiliates, Successors, Assigns, Lessees or Contractors believes in good faith that such claim relates to, or is a recurrence of, a prior claim that constituted a Workers' Compensation or Federal Black Lung Liability (a "Recurrence Claim"), the provisions of this Section 3.4 shall govern. Maxxim LLC shall promptly notify PCC of any Recurrence Claim and the basis for its determination that such claim is a Recurrence Claim prior to communicating its determination to any other person or entity. If PCC agrees with Maxxim LLC that such claim is a Recurrence Claim, such claim shall be deemed a Workers' Compensation and Federal Black Lung Liability, and the rights and obligations of the parties shall be as provided in this Article III. If PCC disagrees with Maxxim LLC's position, the matter will be submitted to the appropriate Governmental Authority for a determination, with each side being responsible for its respective costs in such procedure. Maxxim LLC recognizes that in the event the employee who has filed the claim disagrees with the position of the parties with respect to a Recurrence Claim, the employee may file a claim with the appropriate Governmental Authority for a determination. In any such case, PCC and Maxxim LLC shall each have the right to defend its position, with each side bearing the cost of its own defense.

ARTICLE IV
EMPLOYEE RELATED LIABILITIES

4.1. Employee Related Liabilities.

In order to assist PCC with regard to the satisfaction of the Employee Related Liabilities, PCC and Maxxim LLC agree as follows:

- (a) Administration. PCC or one or more of its Affiliates shall be solely responsible for administering the Employee Related Liabilities, making such determinations, awarding and denying such benefits, seeking such administrative and judicial rulings and remedies and taking all such other actions as PCC shall deem necessary or appropriate.
- (b) Notices and Communication.
 - (i) PCC has the exclusive right to provide such notices as PCC deems necessary or appropriate to Employees or other beneficiaries regarding any matters related to the Employee Related Liabilities and to any third parties providing services or benefits related to the Employee Related Liabilities.
 - (ii) In the event Maxxim LLC or any of its Affiliates, Successors, Assigns, Lessees or Contractors receives any Communications that are related to the Employee Related Liabilities, Maxxim LLC shall promptly send, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors promptly to send, such Communications to PCC or its designated Affiliate.

(iii) Maxxim LLC agrees to provide on a monthly basis for a period of 12 months following the Closing Date, the names and social security numbers of any non-Classified Employees hired by Maxxim LLC or its Affiliates, Successors, Assigns, Lessees or Contractors and further agrees to provide, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to provide, all information in its or their possession or under its or their control reasonably requested by PCC in order to administer and satisfy any Employee Related Liabilities.

(c) Litigation. PCC shall have the exclusive right to pursue and/or defend currently pending litigation, or to commence and/or defend future litigation, with respect to any issue related to any Employee Related Liabilities, as PCC shall deem necessary or appropriate.

ARTICLE V
DISPUTE RESOLUTION

Disputes under or alleged violations of this Agreement shall be handled in accordance with the Dispute resolution procedure set forth in Article VII of the Indemnification and Guaranty Agreement.

ARTICLE VI
TERM

The term of this Agreement shall commence as of the Closing Date and shall continue through the completed satisfaction of all of the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities.

ARTICLE VII
MISCELLANEOUS

7.1. Cooperation.

- (a) To the extent permitted by Law and on a timely basis, Maxxim LLC agrees to take any reasonable action, provide information and execute any appropriate documents, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to take any reasonable action, provide information and execute any appropriate documents, that PCC reasonably requests in order to assist PCC with regard to the administration and satisfaction of the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities. Upon written request by Maxxim LLC, PCC shall reimburse Maxxim LLC for costs above \$10,000 per year that are reasonably incurred by Maxxim LLC or its Affiliates as a result of actions taken by it or them under this Agreement. Prior to payment of such costs, PCC shall be entitled to receive a detailed invoice of such costs from Maxxim LLC if so requested by PCC.
- (b) PCC and Maxxim LLC shall cooperate with each other to determine the timing and manner of transferring the Books and Records to Maxxim LLC after the Closing, provided, however, that Maxxim LLC or its Affiliates shall have immediate access to all such Books and Records while still in the possession of PCC and provided, further, that PCC or its Affiliates shall have reasonable access to, and shall be allowed to copy at its sole expense, any Books and Records to which PCC reasonably believes it needs access or for which PCC reasonably believes it needs copies after the Closing.

7.2. Continuing Obligations.

Any failure by PCC or by Maxxim LLC or its Affiliates, Successors, Assigns, Lessees, or Contractors to comply with any of their obligations in this Agreement shall not relieve PCC or Maxxim LLC of any of their Liabilities or obligations under the Acquisition Agreement.

7.3. Maxxim LLC Communication with Third Parties.

Unless otherwise agreed to in writing by PCC or except as permitted specifically by this Agreement and the Acquisition Agreement, neither Maxxim LLC nor any of its Affiliates, Successors, Assigns, Lessees or Contractors will make any public statements or communicate with the United Mine Workers of America Combined Benefit Fund, the 1992 UMW Benefit Plan, any beneficiary of any Employee Benefit Plan, or any other Person or entity (collectively, "Third Parties") with respect to or concerning the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities. Notwithstanding the foregoing, in the event PCC fails to take such actions as are necessary to comply with its obligations under the Acquisition Agreement and this Agreement with respect to any of the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities within a reasonable time after receiving notice from Maxxim LLC that attempts have been or are being made to obtain information concerning or to impose any of the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities on Maxxim LLC or any of its Affiliates, Successors, Assigns, Lessees or Contractors, Maxxim LLC shall be

permitted to communicate with the appropriate Third Party regarding PCC's obligations with respect to such Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities. In addition, notwithstanding anything in the foregoing to the contrary, in the event any Third Party contacts Maxxim LLC to inquire about PCC's or any of its Affiliates obligations with respect to such Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities or the Employee Related Liabilities under this Agreement, Maxxim LLC is permitted to direct such Third Party to contact PCC for additional information.

7.4. Litigation Support.

In the event and for as long as PCC is actively contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand related to the Coal Act Liabilities, Workers' Compensation and Federal Black Lung Liabilities and the Employee Related Liabilities, Maxxim LLC will, to the extent reasonable, cooperate, and shall cause its Affiliates, Successors, Assigns, Lessees or Contractors to cooperate, with PCC and its counsel in the contest or defense, make available their personnel and provide such testimony and access to their books, documents and records as shall be reasonably necessary in connection with the contest or defense.

7.5. Confidentiality.

Except as otherwise provided in this Agreement, each party hereto covenants and agrees to keep confidential the existence of this Agreement and the contents of this Agreement at all times while any provision of this Agreement is in force, unless and to the extent that a party shall be required to disclose the same by generally accepted accounting principles, Law or judicial order or decree or administrative regulation or order or in order to comply with its obligations hereunder; provided, however, that any party that believes it may be required to disclose this Agreement or any provisions hereof shall promptly

notify the other hereto in writing and afford such other party the opportunity to determine whether disclosure is in fact required or if the scope of the required disclosure can be reduced and provided further, however, that notwithstanding anything in this Section 7.5 or in Section 7.3 hereof to the contrary, without notifying the other party, any party may disclose the existence and contents of this Agreement:

- (a) to any employees within the party's organization who need to know of this Agreement in order for the party to comply with its obligations hereunder, so long as such employees at the time of disclosure are required to comply with this Section 7.5;
- (b) Maxxim LLC's Affiliates, Successors, Assigns, Lessees, Contractors and their employees, attorneys, accountants, consultants and lenders who need to know of the Agreement, so long as such entities and persons agree to comply with this Section 7.5;
- (c) to any third-party contractor whose services the party requires in order for the party to comply with its obligations hereunder so long as such contractor is contractually obligated to comply with this Section 7.5;
- (d) in the financial statements of the party as required by generally accepted accounting principles; or
- (e) to any attorneys, accountants, consultants or lenders of a party for whom the party agrees to be responsible for the compliance herewith.

7.6. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, but without reference to the choice of law provision thereof.

And a copy to: Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Attention: Louanna O. Heuhsen, Esq.

If to Maxxim LLC: Maxxim Rebuild Co., LLC
c/o Alpha Natural Resources, LLC
406 West Main Street
Abingdon, Virginia 24212
Attention: Vice President

With a copy to: First Reserve Corporation
411 West Putnam, Suite 109
Greenwich, Connecticut 06830
Attention: Alex T. Krueger

First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison

Bartlit Beck Herman Palenchar & Scott
1899 Wynkoop Street, Suite 800
Denver, Colorado 80202
Attention: James L. Palenchar, Esq.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

MAXXIM REBUILD CO., LLC

By: /s/ Eddie Neely

Name: Eddie Neely
Title: Vice President

PITTSTON COAL COMPANY

By: /s/ Michael D. Brown

Name: Michael D. Brown
Title: Vice President - Development and
Technical Resources

