

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended SEPTEMBER 30, 2000

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-9148

THE PITTSTON COMPANY

-----  
(Exact name of registrant as specified in its charter)

VIRGINIA

-----  
(State or other jurisdiction of  
incorporation or organization)

54-1317776

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

1801 BAYBERRY COURT, RICHMOND, VIRGINIA 23226-8100

-----  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (804) 289-9600  
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No \_\_\_

As of October 31, 2000, 51,777,782 shares of \$1 par value Pittston Brink's Group Common Stock were outstanding.

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PART I - FINANCIAL INFORMATION  
THE PITTSTON COMPANY AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

September 30                      December 31  
2000                                      1999

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(Unaudited)

ASSETS		
Current assets:		
Cash and cash equivalents	\$ 100,305	131,159
Accounts receivable (net of estimated uncollectible amounts: 2000 - \$36,972; 1999 - \$36,238)	629,944	638,754
Inventories	35,791	43,979
Prepaid expenses and other current assets	49,415	37,756
Deferred income taxes	56,784	50,255
-----		
Total current assets	872,239	901,903
Property, plant and equipment, (net of accumulated depreciation, depletion and amortization: 2000 - \$700,423; 1999 - \$649,607)	928,894	930,476
Intangibles, net of accumulated amortization	290,499	298,501
Deferred pension assets	116,912	122,476
Deferred income taxes	83,193	79,569
Other assets	135,372	135,659
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Total assets	\$2,427,109	2,468,584
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	\$ 111,562	90,085
Current maturities of long-term debt	127,347	32,166
Accounts payable	286,265	301,194
Accrued liabilities	385,645	409,616
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Total current liabilities	910,819	833,061
Long-term debt, less current maturities	271,940	395,078
Postretirement benefits other than pensions	244,079	240,770
Workers' compensation and other claims	86,257	87,083
Deferred income taxes	16,583	16,272
Other liabilities	148,553	146,679
Commitments and contingent liabilities		
Shareholders' equity:		
Preferred stock, par value \$10 per share:		
Authorized: 2,000 shares \$31.25		
Series C Cumulative Convertible Preferred Stock;		
Issued and outstanding: 2000 - 21 shares;		
1999 - 30 shares		
	214	296
Pittston Brink's Group Common Stock, par value \$1 per share:		
Authorized: 100,000 shares; Issued and outstanding: 2000 - 51,778 shares;		
1999 - 40,861 shares - (Note 1)		
	51,778	40,861
Pittston BAX Group Common Stock, par value \$1 per share:		
Authorized: 50,000 shares - (Note 1)		
Issued and outstanding: 1999 - 20,825 shares		
	-	20,825
Pittston Minerals Group Common Stock, par value \$1 per share:		
Authorized: 20,000 shares - (Note 1)		
Issued and outstanding: 1999 - 10,086 shares		
	-	10,086
Capital in excess of par value	343,096	341,011
Retained earnings	457,550	443,349
Accumulated other comprehensive income	(81,383)	(56,528)
Employee benefits trust, at market value	(22,377)	(50,259)
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Total shareholders' equity	748,878	749,641
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Total liabilities and shareholders' equity	\$2,427,109	2,468,584
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SEE ACCOMPANYING UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

THE PITTSTON COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)  
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2000	1999	2000	1999
Net sales	\$ 101,704	105,510	290,118	305,219
Operating revenues	953,598	938,598	2,817,447	2,666,059
Net sales and operating revenues	1,055,302	1,044,108	3,107,565	2,971,278
Costs and expenses:				
Cost of sales	105,333	113,283	307,607	324,698
Operating expenses	808,863	771,345	2,393,576	2,216,602
Selling, general and administrative expenses	123,051	121,891	366,461	346,846
Restructuring and other credits	-	(851)	-	(851)
Total costs and expenses	1,037,247	1,005,668	3,067,644	2,887,295
Other operating income, net	5,428	4,953	13,430	14,270
Operating profit	23,483	43,393	53,351	98,253
Interest income	1,676	1,520	5,202	4,106
Interest expense	(12,100)	(9,240)	(32,690)	(28,747)
Other income (expense), net	(1,484)	111	(560)	(164)
Income before income taxes	11,575	35,784	25,303	73,448
Provision for income taxes	3,820	11,760	8,350	20,842
Net income	7,755	24,024	16,953	52,606
Preferred stock dividends, net (Note 6)	1,503	(231)	1,041	17,852
Net income attributed to common shares	\$ 9,258	23,793	17,994	70,458
Net income per common share:				
Basic	\$ 0.18	N/A	0.36	N/A
Diluted	0.15	N/A	0.34	N/A
Pittston Brink's Group (Notes 1 and 2):				
Net income per common share:				
Basic	\$ N/A	0.56	N/A	1.50
Diluted	N/A	0.56	N/A	1.49
Pittston BAX Group (Notes 1 and 2):				
Net income per common share:				
Basic	\$ N/A	0.45	N/A	0.63
Diluted	N/A	0.45	N/A	0.63
Pittston Minerals Group (Notes 1 and 2):				
Net loss per common share:				
Basic	\$ N/A	(0.77)	N/A	(0.01)
Diluted	N/A	(0.77)	N/A	(1.87)
Pro forma net income per common share (Notes 1 and 2):				
Basic	N/A	0.48	N/A	1.44
Diluted	N/A	0.48	N/A	1.07
Comprehensive income (loss)	\$ (2,484)	22,845	(6,861)	63,811

SEE ACCOMPANYING UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

THE PITTSTON COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)  
(Unaudited)

	Nine Months Ended September 30	
	2000	1999
Cash flows from operating activities:		
Net income	\$ 16,953	52,606
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncash charges and other write-offs	442	362
Depreciation, depletion and amortization	150,257	133,449
Aircraft heavy maintenance expense	29,312	36,664
Provision for deferred income taxes	(6,015)	746
Provision for pensions, noncurrent	2,068	7,732
Provision for uncollectible accounts receivable	15,885	12,475
Minority interest expense	1,942	681
Equity in earnings of unconsolidated affiliates, net of dividends received	(2,892)	(2,633)
Other operating, net	8,629	7,172
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Increase in accounts receivable	(2,158)	(14,444)
(Increase) decrease in inventories	8,412	(4,166)
Increase in prepaid expenses and other current assets	(5,318)	(2,001)
Increase in other assets	(11,144)	(7,828)
Decrease in accounts payable and accrued liabilities	(32,961)	(2,382)
(Decrease) increase in other liabilities	2,107	(256)
Decrease in workers' compensation and other claims, noncurrent	(1,359)	(5,478)
Other, net	4,172	64
Net cash provided by operating activities	178,332	212,763
Cash flows from investing activities:		
Additions to property, plant and equipment	(164,005)	(196,951)
Aircraft heavy maintenance expenditures	(41,808)	(51,490)
Acquisitions, net of cash acquired and related contingency payments	(3,880)	(429)
Proceeds from disposal of property, plant and equipment	4,371	8,177
Proceeds from disposition of investments	2,275	1,143
Other, net	1,245	5,932
Net cash used by investing activities	(201,802)	(233,618)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	21,376	(6,502)
Additions to long-term debt	96,635	125,524
Reductions of long-term debt	(119,491)	(74,168)
Repurchase of stock of the Company	(2,162)	(23,494)
Proceeds from exercise of stock options	482	2,156
Dividends paid	(4,224)	(7,670)
Net cash provided (used) by financing activities	(7,384)	15,846
Net decrease in cash and cash equivalents	(30,854)	(5,009)
Cash and cash equivalents at beginning of period	131,159	83,894
Cash and cash equivalents at end of period	\$ 100,305	78,885

SEE ACCOMPANYING UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

THE PITTSTON COMPANY AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)  
(Unaudited)

- (1) The Pittston Company (the "Company") has five operating segments - Brink's, Incorporated ("Brink's"), Brink's Home Security, Inc. ("BHS"), BAX Global Inc. ("BAX Global"), Pittston Coal Operations ("Coal Operations") and Other Operations which consists of Pittston Mineral Ventures ("Mineral Ventures") and the Company's timber, gas and equipment rebuild operations (collectively, "Allied Operations"). On December 6, 1999, the Company announced its intention to exit the coal business through the sale of coal mining operations and reserves. Until the Company meets the measurement date criteria under Accounting Principles Board ("APB") Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", Coal Operations will continue to be reported as an operating segment. Losses may be recorded upon the future disposition of the coal assets, including additional accruals primarily related to certain postretirement medical and multi-employer plans, as well as the net losses expected to occur from the measurement date to the closing date of the sale.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with applicable quarterly reporting regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Certain prior period amounts have been reclassified to conform to the current period's financial statement presentation. Operating results for the interim periods of 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. For further information, refer to the consolidated financial statements and related notes included in the Company's annual report on Form 10-K for the year ended December 31, 1999.

As previously reported, prior to January 14, 2000, the Company had three classes of common stock: Pittston Brink's Group Common Stock ("Brink's Stock"), Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock"), which were designed to provide shareholders with securities reflecting the performance of the Brink's Group, the BAX Group and the Minerals Group, respectively.

On December 6, 1999, the Company announced that its Board of Directors (the "Board") had approved the elimination of the tracking stock capital structure by an exchange of all outstanding shares of Minerals Stock and BAX Stock for shares of Brink's Stock (the "Exchange"). The Exchange took place on January 14, 2000 (the "Exchange Date"), on which date, holders of Minerals Stock received 0.0817 share of Brink's Stock for each share of their Minerals Stock; and holders of BAX Stock received 0.4848 share of Brink's Stock for each share of their BAX Stock based on the shareholder approved formula and calculated as follows:

(PER SHARE PRICES)	Brink's Stock	BAX Stock	Minerals Stock
Ten day average price*	\$ 18.92	\$ 7.98	\$ 1.34
Exchange factor	1.00	1.15	1.15
Fair Market Value, as defined*	\$ 18.92	\$ 9.17	\$ 1.54
Exchange ratio	N/A	0.4848	0.0817

(PER SHARE PRICES)	Brink's Stock	BAX Stock	Minerals Stock
Closing prices:			
December 3, 1999	\$ 18.375	\$ 10.0625	\$ 1.125
December 6, 1999	21.500	10.1250	1.625

\*The "Fair Market Value" of each class of common stock was determined by taking the average closing price of that class of common stock for the 10 trading days beginning 30 business days prior to the first public announcement of the exchange proposal. Since the first public announcement was made on December 6, 1999, the average closing price was calculated during the 10 trading days beginning October 22, 1999 and ending November 4, 1999.

From and after the Exchange Date, Brink's Stock is the only outstanding class of common stock of the Company and continues to trade on the New York Stock Exchange under the symbol "PZB". Prior to the Exchange Date, Brink's Stock reflected the performance of the Brink's Group only; after the Exchange Date, Brink's Stock reflects the performance of the Company as a whole. Shares of Brink's Stock after the Exchange are hereinafter referred to as "Pittston Common Stock".

As a result of the Exchange on January 14, 2000, the Company issued 10,916 shares of Pittston Common Stock, which consists of 9,490 shares of Pittston Common Stock equal to 100% of the Fair Market Value, as defined, of all BAX Stock and Minerals Stock and 1,426 shares of Pittston Common Stock equal to the additional 15% of the Fair Market Value of BAX Stock and Minerals Stock exchanged pursuant to the above-described formula. Of the 10,916 shares issued, 10,196 shares were issued to holders of BAX Stock and Minerals Stock and 720 shares were issued to The Pittston Company Employee Benefits Trust (the "Trust").

Shares issued to holders of BAX Stock and Minerals Stock (excluding those shares issued to the Trust) were distributed as follows:

(IN THOUSANDS EXCEPT PER SHARE PRICES)	Holders of BAX Stock	Holders of Minerals Stock
Shares outstanding on January 13, 2000	19,475	9,273
Brink's Stock issued pursuant to the Exchange:		
Based on 100% of Fair Market Value	8,207	657
Based on 15% of Fair Market Value	1,233	99
Total shares issued on January 14, 2000	9,440	756
Brink's Stock closing price per share - December 3, 1999	\$ 18.375	18.375
Value as of December 3, 1999 of Brink's Stock issued pursuant to the Exchange	\$ 173,460	13,892

As set forth in the Company's Articles of Incorporation approved by the shareholders, in the event of a dissolution, liquidation or winding up of the Company, holders of Brink's Stock, BAX Stock and Minerals Stock would have shared on a per share basis, the funds, if any, remaining for distribution to the common shareholders. In the case of Minerals Stock, such percentage had been set, using a nominal number of shares of Minerals Stock of 4,203 (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding. The liquidation percentages were subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, BAX Stock and Minerals Stock, as the case may be, then outstanding to the total number of shares of all other classes of common stock then outstanding (which totals, in the case of

Minerals Stock, shall include the Nominal Shares). As of December 3, 1999, such liquidation percentages would have been approximately 54%, 27% and 19% for holders of Brink's Stock, BAX Stock and Minerals Stock, respectively. Including the additional shares issued pursuant to the Exchange, the liquidation percentages for former holders of Brink's Stock, BAX Stock and Minerals Stock, respectively, as of January 14, 2000 would have been approximately 79%, 19% and 2%.

Upon completion of the Exchange on January 14, 2000, there were 49,484 issued and outstanding shares of Pittston Common Stock for use in the calculation of net income per common share.

- (2) The following are reconciliations between the calculations of basic and diluted net income per share for the three and nine months ended September 30, 2000 and the pro forma basic and diluted net income per share for the three and nine months ended September 30, 1999.

The Company	Three Months Ended September 30		Nine Months Ended September 30	
	2000	1999	2000	1999
	(Pro forma)		(Pro forma)	
-----				
Numerator:				
Net income - Basic	\$ 7,755	24,024	16,953	52,606
Convertible Preferred Stock dividends, net	1,503	(231)	1,041	17,852
-----				
Basic net income per share numerator	9,258	23,793	17,994	70,458
Effect of dilutive securities:				
Convertible Preferred Stock dividends, net	(1,503)	-	(1,041)	(17,852)
-----				
Diluted net income per share numerator	\$ 7,755	23,793	16,953	52,606
Denominator:				
Basic weighted average common shares outstanding	50,235	49,223	49,939	49,017
Effect of dilutive securities:				
Stock options	35	161	43	194
Assumed conversion of the Convertible Preferred Stock	36	-	37	66
-----				
Diluted weighted average common shares outstanding	50,306	49,384	50,019	49,277
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Options to purchase 2,767 shares of Pittston Common Stock, at prices between \$15.91 and \$315.06 per share and options to purchase 2,970 shares of Pittston Common Stock, at prices between \$16.19 and \$315.06 per share were outstanding during the three and nine months ended September 30, 2000, respectively, but were not included in the computation of diluted net income per share because the options' exercise prices were greater than the average market price of the common shares, and therefore, the effect would be antidilutive.

For purposes of calculating the September 30, 1999 pro forma basic weighted average common shares outstanding and the basic weighted average common shares outstanding for the period from January 1, 2000 to January 13, 2000, the Company's basic weighted average common shares outstanding for BAX Stock and Minerals Stock were converted into shares of Pittston Common Stock by multiplying such average shares outstanding by the respective exchange ratios referred to in Note 1. Included in the Company's 1999 pro forma diluted weighted average common shares outstanding and 2000 diluted weighted average common shares outstanding are converted weighted average stock options and converted weighted average Series C Cumulative Preferred Stock (the "Convertible Preferred Stock") to the extent that such conversions are dilutive. Pro forma converted weighted options for 1999 and equivalent Pittston Common Stock options outstanding, on BAX Stock and Minerals Stock, from January 1, 2000 to January 13, 2000 are calculated by multiplying those weighted average options having an exercise price less than the average fair market value for Brink's Stock, BAX Stock and Minerals Stock by the respective exchange ratios. Pro forma converted



weighted average Convertible Preferred Stock is calculated by multiplying the weighted average Convertible Preferred Stock by the Minerals exchange ratio referred to in Note 1.

Excluded from the Company's 1999 pro forma diluted net income per share calculations are converted options to the extent that such conversions are antidilutive. Converted options are calculated by multiplying those options having an exercise price greater than the average fair market value for Brink's Stock, BAX Stock and Minerals Stock by the respective exchange ratios. Converted exercise prices related to these converted options are calculated by dividing the exercise price of Brink's Stock, BAX Stock and Minerals Stock by the respective exchange ratios.

Pro forma options to purchase 2,447 shares of Pittston Common Stock, at prices between \$19.09 and \$315.06 per share and pro forma options to purchase 2,318 shares of Pittston Common Stock, at prices between \$19.41 and \$315.06 per share were outstanding during the three and nine months ended September 30, 1999, respectively, but were not included in the computation of diluted net income per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive. The conversion of the Convertible Preferred Stock to 38 shares of Pittston Common Stock has been excluded in the computation of diluted net income per share for the three months ended September 30, 1999 because the effect of the assumed conversion would be antidilutive.

The shares of Pittston Common Stock held in the Trust are subject to the treasury stock method and effectively are not included in the basic and diluted net income per share calculations. As of September 30, 2000 and 1999, 1,444 and 2,407 pro forma shares, respectively, of Pittston Common Stock remained in the Trust.

The following are reconciliations between the Group calculations of basic and diluted net income (loss) per share by Group:

	Three Months Ended September 30, 1999		
	Brink's Group	BAX Group	Minerals Group
-----			
Numerator:			
Net income (loss)	\$ 22,031	8,672	(6,679)
Convertible Preferred Stock dividends, net	-	-	(231)
-----			
Basic net income (loss) per share numerator	22,031	8,672	(6,910)
Effect of dilutive securities:			
Convertible Preferred Stock dividends, net	-	-	-
-----			
Diluted net income (loss) per share numerator	\$ 22,031	8,672	(6,910)
Denominator:			
Basic weighted average common shares outstanding	39,122	19,316	9,014
Effect of dilutive securities:			
Stock options	147	29	-
Assumed conversion of the Convertible Preferred Stock	-	-	-
-----			
Diluted weighted average common shares outstanding	39,269	19,345	9,014
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	Brink's Group	Ended September BAX Group	Nine Months September 30, 1999 Minerals Group
-----			
Numerator:			
Net income (loss)	\$ 58,434	12,144	(17,972)
Convertible Preferred Stock dividends, net	-	-	17,852
-----			
Basic net income (loss) per share numerator	58,434	12,144	(120)
Effect of dilutive securities: Convertible Preferred Stock dividends, net	-	-	(17,852)
-----			
Diluted net income (loss) per share numerator	\$ 58,434	12,144	(17,972)
Denominator:			
Basic weighted average common shares outstanding	39,001	19,180	8,786
Effect of dilutive securities:			
Stock options	181	26	1
Assumed conversion of the Convertible Preferred Stock	-	-	813
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Diluted weighted average common shares outstanding	39,182	19,206	9,600
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Options to purchase 1,410 shares of Brink's Stock, at prices between \$25.57 and \$39.56 per share and options to purchase 1,164 shares of Brink's Stock, at prices between \$26.69 and \$39.56 per share, were outstanding during the three and nine months ended September 30, 1999, respectively, but were not included in the computation of diluted net income per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

Options to purchase 2,017 and 2,263 shares of BAX Stock, at prices between \$9.41 and \$27.91 per share, were outstanding during the three and nine months ended September 30, 1999, respectively, but were not included in the computation of diluted net income per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

Options to purchase 722 shares of Minerals Stock, at prices between \$1.56 and \$25.74 per share, were outstanding during the three months ended September 30, 1999 but were not included in the computation of diluted net loss per share because the effect of all options would be antidilutive. Options to purchase 698 shares of Minerals Stock, at prices between \$1.81 and \$25.74 per share, were outstanding during the nine months ended September 30, 1999, but were not included in the computation of diluted net loss per share because the options' exercise prices were greater than the average market price of the common shares, and therefore, the effect would be antidilutive.

The conversion of the Convertible Preferred Stock to 460 shares of Minerals Stock has been excluded in the computation of diluted net loss per share in the three months ended September 30, 1999 because the effect of the assumed conversion would be antidilutive.

The shares of Brink's Stock, BAX Stock and Minerals Stock held in the Trust are subject to the treasury stock method and effectively are not included in the basic and diluted net income (loss) per share calculations. As of September 30, 1999, 1,691 shares of Brink's Stock, 1,466 shares of BAX Stock and 69 shares of Minerals Stock remained in the Trust.

- (3) Depreciation, depletion and amortization of property, plant and equipment totaled \$45,788 and \$138,015 in the third quarter and first nine months of 2000, respectively, compared to \$39,671 and \$115,236 in the third quarter and first nine months of 1999, respectively.
- (4) Cash payments made for interest and income taxes, net of refunds received, were as follows:

	Three Months		Nine Months	
	Ended September 30 2000	1999	Ended September 30 2000	1999
Interest	\$ 12,653	9,969	35,131	29,335
Income taxes	\$ 6,228	9,052	25,030	31,483

- (5) The cumulative impact of foreign currency translation deducted from shareholders' equity was \$77,956 and \$59,623 at September 30, 2000 and December 31, 1999, respectively. The cumulative impact of cash flow hedges deducted from and added to shareholders' equity was \$4,118 and \$2,540 at September 30, 2000 and December 31, 1999, respectively.
- (6) Under the share repurchase programs authorized by the Board, the Company purchased shares in the periods presented as follows:

(IN THOUSANDS)	Three Months		Nine Months	
	Ended September 30 2000	1999	Ended September 30 2000	1999
Pittston Common Stock:				
Shares	-	N/A	-	N/A
Cost	\$ -	N/A	-	N/A
Brink's Stock:				
Shares	N/A	-	N/A	100.0
Cost	\$ N/A	-	N/A	2,514
Convertible Preferred Stock:				
Shares	8.1	-	8.1	83.9
Cost	\$ 2,162	-	2,162	20,980
Excess carrying amount (a)	\$ 1,734	-	1,734	19,201

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

In March 1999, the Company purchased 83.9 shares (or 839 depository shares) of its Convertible Preferred Stock for \$20,980 and in September 2000, the Company purchased 8.1 shares (or 81 depository shares) of its Convertible Preferred Stock for \$2,162. The Convertible Preferred Stock is convertible into Pittston Common Stock and has an annual dividend rate of \$31.25 per share. Preferred dividends included on the Company's Consolidated Statement of Operations for the three and nine months ended September 30, 2000 and the nine months ended September 30, 1999 are net of the \$1,734 and \$19,201, which is the excess of the carrying amount over the cash paid to the holders of the Convertible Preferred Stock.

At September 30, 2000, the Company had the remaining authority to purchase over time 900 shares of Pittston Common Stock and an additional \$5,394 of its Convertible Preferred Stock. The remaining aggregate purchase cost limitation for all common stock was \$22,184 at September 30, 2000.

- (7) On October 3, 2000, the Company entered into a \$370 million credit agreement with a syndicate of banks to replace the existing \$350 million credit agreement that was due to expire in May 2001. The new credit agreement includes a \$185 million three year revolving credit facility and a \$185 million short-term revolving credit facility, both of which permit additional borrowings, repayments and reborrowings up to the maximum. Among the covenants in the new credit agreement are covenants that limit the Company's maximum allowable indebtedness and provide for minimum coverage of interest costs. The maturity dates of the short-term and long-term portions of the credit agreement are October 2, 2001 and October 3, 2003, respectively.
- (8) Staff Accounting Bulletin ("SAB") No. 101, which provides interpretive guidance on applying generally accepted accounting principles to revenue recognition in financial statements will be implemented by the Company in the fourth quarter of 2000. The Company is currently assessing SAB No. 101 as well as written guidance regarding its implementation which was issued in late October 2000. As such, no final determination has been made whether the SAB will materially impact (positively or negatively) the reported results of the Company. It is anticipated that the impact, if any, related to the implementation of SAB No. 101 would only affect BHS and would be recorded as a change in accounting principle as of January 1, 2000, as is called for in the SAB.

Emerging Issues Task Force ("EITF") No. 00-10 "Accounting for Shipping and Handling Fees and Costs" will be implemented by the Company in the fourth quarter of 2000. EITF No. 00-10 will require the Company's Coal Operations to begin reporting fees charged for certain shipping and handling activity on a disaggregated basis (i.e. separately report the associated revenues and costs) whereas such fees are currently being netted against gross sales to arrive at reported net sales. The implementation of this EITF will not impact the operating profit or net income of the Company as it will increase sales and costs of sales by equivalent amounts.

THE PITTSTON COMPANY AND SUBSIDIARIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS  
AND FINANCIAL CONDITION

The following discussion is a summary of the key factors management considers necessary or useful in reviewing the Company's results of operations, liquidity and capital resources.

RESULTS OF OPERATIONS

(IN THOUSANDS)	Three Months Ended September 30		Nine Months Ended September 30	
	2000	1999	2000	1999
-----				
Net sales and operating revenues:				
Business and security services:				
Brink's	\$ 370,803	347,930	1,088,962	1,013,279
BHS	61,783	58,124	181,988	170,261
BAX Global	521,012	532,544	1,546,497	1,482,519
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Total business and security services	953,598	938,598	2,817,447	2,666,059
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Natural resources:				
Coal Operations	91,294	99,417	259,673	288,540
Other Operations	10,410	6,093	30,445	16,679
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Total natural resources	101,704	105,510	290,118	305,219
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Net sales and operating revenues	\$ 1,055,302	1,044,108	3,107,565	2,971,278
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Operating profit (loss):				
Business and security services:				
Brink's	\$ 32,251	27,320	77,754	69,820
BHS	13,957	12,663	43,826	41,000
BAX Global	(12,651)	18,177	(29,058)	31,365
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Total business and security services	33,557	58,160	92,522	142,185
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Natural resources:				
Coal Operations	(7,430)	(8,816)	(29,581)	(27,847)
Other Operations	2,149	(466)	5,877	219
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Total natural resources	(5,281)	(9,282)	(23,704)	(27,628)
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Segment operating profit	28,276	48,878	68,818	114,557
General corporate expense	(4,793)	(5,485)	(15,467)	(16,304)
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Operating profit	\$ 23,483	43,393	53,351	98,253
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The Pittston Company (the "Company") has five operating segments - Brink's, Incorporated ("Brink's"), Brink's Home Security, Inc. ("BHS"), BAX Global Inc. ("BAX Global"), Pittston Coal Operations ("Coal Operations") and Other Operations which consists of Pittston Mineral Ventures ("Mineral Ventures") and the Company's timber, gas and equipment rebuild operations (collectively, "Allied Operations").

On January 14, 2000, the Company completed an exchange of its Pittston BAX Group Common Stock ("BAX Stock") and Pittston Minerals Group Common Stock ("Minerals Stock") into Pittston Brink's Group Common Stock ("Brink's Stock"), at exchange ratios of 0.4848 share of Brink's Stock for each share of BAX Stock and 0.0817 share of Brink's Stock for each share of Minerals Stock. Brink's Stock, hereinafter referred to as Pittston Common Stock, now constitutes the Company's only class of common stock and continues to trade on the New York Stock Exchange under the symbol "PZB". See the "Capitalization" section for further discussion.



On December 6, 1999, the Company announced its intention to exit the coal business through the sale of coal mining operations and reserves. Until the Company meets the measurement date criteria under Accounting Principles Board ("APB") Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", Coal Operations will continue to be reported as an operating segment. Losses may be recorded upon the future disposition of the coal assets, including additional accruals primarily related to certain postretirement medical and multi-employer plans, as well as the net losses expected to occur from the measurement date to the closing date of the sale. The process of finding a buyer or buyers for the coal assets is continuing, but the disposal is not likely to be concluded before the end of 2000.

In the third quarter of 2000, the Company reported net income of \$7.8 million compared with net income of \$24.0 million in the third quarter of 1999. Operating profit totaled \$23.5 million in the 2000 third quarter, a shortfall of \$19.9 million, as compared with \$43.4 million in the same period of 1999. Lower operating results for BAX Global (\$30.8 million) were partially offset by increases in operating results for Brink's (\$4.9 million), Other Operations (\$2.6 million), Coal Operations (\$1.4 million) and BHS (\$1.3 million) as well as lower corporate expenses (\$0.7 million). See further discussion of operating segments' financial results below.

In the first nine months of 2000, the Company reported net income of \$17.0 million compared with \$52.6 million in the first nine months of 1999. Operating profit totaled \$53.4 million in the first nine months of 2000 compared with \$98.3 million in the prior year's comparable period, a reduction of \$44.9 million. Lower operating results at BAX Global (\$60.4 million) and Coal Operations (\$1.7 million) were partially offset by increases in operating profit for Brink's (\$7.9 million), Other Operations (\$5.7 million) and BHS (\$2.8 million) as well as lower corporate expenses (\$0.8 million). See further discussion of operating segments' financial results below.

Preferred dividends included on the Company's Statement of Operations for the three and nine months ended September 30, 2000 and the nine months ended September 30, 1999 were net of \$1.7 million and \$19.2 million, respectively, which represents the excess of the carrying amount of the Convertible Preferred Stock over the cash paid to the holders of the Convertible Preferred Stock for repurchases made during the period.

#### BRINK'S

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

(IN THOUSANDS)	Three Months		Nine Months	
	Ended September 30 2000	1999	Ended September 30 2000	1999
-----				
Operating revenues:				
North America (a)	\$ 160,424	146,807	475,099	426,531
International	210,379	201,123	613,863	586,748
-----				
Total operating revenues	\$ 370,803	347,930	1,088,962	1,013,279
-----				
Operating profit:				
North America (a)	\$ 16,327	12,038	41,370	32,087
International	15,924	15,282	36,384	37,733
-----				
Total segment profit	\$ 32,251	27,320	77,754	69,820
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Depreciation and amortization	\$ 13,820	13,619	44,431	38,877
Cash capital expenditures	16,714	19,771	53,980	63,686
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(a) Comprises USA and Canada.

Brink's worldwide consolidated revenues totaled \$370.8 million in the third quarter of 2000, a 7% increase over third quarter 1999 revenues of \$347.9 million. Brink's operating profit of \$32.3 million in the third quarter of 2000 represented an 18% increase from the \$27.3 million reported in the prior year's quarter. The increase in operating profit is due to a \$4.9 million settlement

associated with an insurance recoverable related to a prior year's robbery loss in North America.



The increase in Brink's revenues was attributable to both North American and International operations. Increased revenues in North America primarily related to new business from armored car operations. International revenue increases were primarily attributable to Latin American operations, partially offset by lower revenue from European operations. The revenue decreases in Europe were primarily due to the impact of a weaker Euro partially offset by improvements in the French operations. In the same comparative periods, foreign translation effects, primarily the impact of the US dollar versus the European currencies, reduced reported revenues by approximately \$15 million.

Brink's operating profit increased \$4.9 million in the third quarter of 2000 versus the same quarter of 1999. Operating profit in both North American and International operations increased over the prior year. The North American operating profits of \$16.3 million included the aforementioned \$4.9 million insurance settlement. While revenue growth in North America remained strong, lower operating profits (excluding the settlement) resulted from increased labor costs in expanding markets for armored car operations (including ATM services), increased workers' compensation costs and lower results from air courier operations. Increased operating profit for International operations was attributable to improved results in Asia/Pacific and Latin America, partially offset by lower results in Europe, primarily due to the effects of the lower Euro. The improved results in Asia/Pacific were largely due to a decrease in the losses in Australia. Latin America reported increased operating profits primarily due to improvements in operating performance in Argentina and Chile.

Brink's worldwide consolidated revenues totaled \$1.1 billion in the first nine months of 2000, a \$75.7 million (7%) increase over the same period of 1999. Brink's operating profit of \$77.8 million in the first nine months of 2000 represented an 11% increase over the \$69.8 million reported in the prior year period.

The increase in Brink's revenues for the first nine months of 2000 compared to the same period of 1999 was attributable to both North American (\$48.6 million) and International operations (\$27.1 million). Increased revenues in North America primarily related to growth in the armored car business. International revenue increases were attributable to operations in Latin America (primarily Brazil) and Asia/Pacific, partially offset by decreases in Europe, due to the effects of the lower Euro partially offset by improvements in France. Improvements in Asia/Pacific stemmed from Australia and Hong Kong. International revenues (primarily Europe) for the nine month period were negatively impacted by the strong US dollar (approximately \$45 million). During the first nine months of 2000, as compared to 1999, the acceleration of reporting to current month reporting for Brink's subsidiary in France increased revenue by \$22 million. This increase was partially offset by the effects of an industry-wide strike in France in May, estimated at approximately \$8 million.

The Brink's operating profit of \$77.8 million, an increase of \$7.9 million in the first nine months of 2000 compared to the same period of 1999, was attributable to operations in North America as International operating profit decreased slightly. North American operating profit for the nine months of 2000 included the aforementioned \$4.9 million insurance settlement. In addition, higher North American operating profits also reflected improved profitability of armored car operations largely due to increased volumes, and to a lesser extent, improved results in currency and coin processing services, partially offset by lower air courier results. International operating profits reflect improvements in the Asia/Pacific region primarily due to a decrease in the losses in Australia and improved results in Hong Kong. Latin America reported lower operating profits primarily due to overall weaker business conditions in Venezuela, which was partially offset by improvements in operating performance in Brazil and Argentina. Operating profit in Europe was negatively impacted by the weaker Euro (\$2.3 million) and the previously-mentioned two week nationwide strike of security personnel in France during the second quarter, which reduced operating profit by an estimated \$5 million. This reduction was partially offset by the acceleration of reporting in France discussed above, which added approximately \$2 million to operating profit for the first nine months of 2000.

## BRINK'S HOME SECURITY

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

(DOLLARS IN THOUSANDS)	Three Months		Nine Months	
	Ended September 30 2000	1999	Ended September 30 2000	1999
Operating profit:				
Monitoring and service	\$ 20,612	19,355	62,299	57,797
Net marketing, sales and installation	(6,655)	(6,692)	(18,473)	(16,797)
Total segment profit	\$ 13,957	12,663	43,826	41,000
Monthly recurring revenues (a)			17,739	16,545
Annualized disconnect rate, net of moves	7.5%	8.4%	7.8%	8.1%
Number of subscribers:				
Beginning of period	659,879	614,380	643,277	585,565
Installations	20,193	26,917	62,448	79,592
Disconnects, net	(12,524)	(13,100)	(38,177)	(36,960)
End of period	667,548	628,197	667,548	628,197
Depreciation and amortization (b)	\$ 13,693	12,624	40,982	37,319
Cash capital expenditures	19,186	21,610	54,586	60,848

(a) Monthly recurring revenues are calculated based on the number of subscribers at period end multiplied by the average fee per subscriber received in the last month of the period for monitoring, maintenance and related services.

(b) Includes the write-off of capitalized subscriber installation costs related to disconnects.

Revenues for BHS increased by \$3.7 million (6%) to \$61.8 million in the third quarter of 2000 compared to the same period of 1999. In the first nine months of 2000, revenues for BHS increased \$11.7 million (7%) to \$182.0 million compared to the first nine months of 1999. This increase in revenues for the three and nine month periods was due to higher ongoing monitoring and service revenues, reflecting a 6% increase in the subscriber base as well as slightly higher average monitoring fees. As a result of such growth, monthly recurring revenues at September 30, 2000 of \$17.7 million grew 7% versus September 30, 1999.

Operating profit in the third quarter and first nine months of 2000 increased \$1.3 million (10%) and \$2.8 million (7%), respectively, compared to the same periods of 1999. Operating profit was favorably impacted by increases generated from monitoring and service activities of \$1.3 million (6%) and \$4.5 million (8%) for the third quarter and first nine months of 2000, respectively, as compared to the prior year periods. These improvements were due primarily to the contribution associated with the growth in the subscriber base, slightly higher average monitoring fees and a lower net disconnect rate, partially offset by an increase in service costs. Growth in operating profit in the third quarter and first nine months of 2000 as compared to the same periods of 1999 reflected increased costs (including some start-up expenses) associated with the growth in new distribution channels (including new construction, multi-family and dealer programs) as BHS moves to expand its methods of acquiring new customers. These costs were partially offset by the impact of fewer system installations and higher average connection fees associated with the traditional distribution channels. In addition, operating profit during the quarter benefited from a decrease in the growth rate of installation losses per subscriber. Net cost of marketing, sales and installation activities on a per install and overall basis during the final quarter of 2000 may continue to be impacted by the growth in new distribution channels and several initiatives implemented in the fourth quarter of 1999, including increasing the connection fee per installation and a tightening of the company's credit policy. While these initiatives have improved BHS' profitability through September 30, 2000, their effects may be less pronounced in the future.



BAX GLOBAL

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

(IN THOUSANDS)	Three Months		Nine Months	
	Ended September 30 2000	1999	Ended September 30 2000	1999
-----				
Operating revenues:				
Americas (a)	\$ 305,960	318,851	924,788	889,737
International	228,865	224,537	663,086	629,947
Eliminations/other	(13,813)	(10,844)	(41,377)	(37,165)
-----				
Total operating revenues	\$ 521,012	532,544	1,546,497	1,482,519
-----				
Operating profit (loss):				
Americas (b)	\$ (12,130)	21,460	(24,368)	42,107
International (b)	8,209	7,612	24,469	21,676
Other (b)	(8,730)	(10,895)	(29,159)	(32,418)
-----				
Total segment profit (loss)	\$ (12,651)	18,177	(29,058)	31,365
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Depreciation and amortization	\$ 15,328	10,134	43,806	29,420
Cash capital expenditures	15,941	23,646	41,505	56,711
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Worldwide expedited freight services:				
Revenues	\$ 435,156	447,942	1,272,439	1,242,613
Weight (million pounds)	439	459	1,312	1,298
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(a) Includes Intra-US revenue of \$153.5 million and \$168.1 million for the quarters ended September 30, 2000 and 1999, respectively and \$460.2 million and \$461.6 million for the nine months ended September 30, 2000 and 1999, respectively.

(b) Expenses associated with major information technology projects and certain overhead costs have been reallocated in 1999 from Other to the Americas and International, respectively.

Worldwide revenues for the 2000 third quarter decreased 2% over the 1999 third quarter to \$521.0 million. The operating loss in the third quarter of 2000 was \$12.7 million, compared to a profit of \$18.2 million in the third quarter of 1999.

Operating revenues in the third quarter of 2000 decreased \$11.5 million compared to the same period of 1999, mainly due to a decrease in Americas revenues of \$12.9 million (4%) which was partially offset by an increase in international revenues of \$4.3 million (2%). The decrease in Americas revenues was primarily due to a decrease in domestic expedited volume partially offset by small increases in the domestic expedited yield. The International revenue increase reflects growth in the Atlantic region due to increased export volumes, and the Pacific region which continues to experience revenue increases related to supply chain management. However, the rate of revenue growth in this region is slowing as export volumes related to the high technology industry soften.

Operating results for the third quarter of 2000 declined \$30.8 million compared to the same period of 1999, reflecting significantly lower performance in the Americas region partially offset by an improvement in International results. The operating loss in the Americas region was primarily the result of higher service costs for the fleet of aircraft, lower domestic expedited volume, higher administrative expenses and higher fuel costs (for both air and ground transportation) which were not covered in their entirety by fuel surcharges and hedging activities. Operating results in the Americas were also impacted by higher depreciation and amortization expense, reflecting the depreciation associated with higher expenditures on aircraft modifications in 1999 and information systems placed in service in late 1999. Additionally, the operating results in the Americas included a bad debt provision of approximately \$4.5 million related to the bankruptcy filing during the quarter of a customer of the Americas operations and approximately \$1.5 million associated with staff reductions related to the partial realignment of BAX Global's organizational structure, primarily at its corporate headquarters. International operating profits increased slightly due to higher yields in supply chain management and

transportation services in the Pacific region, partially offset by lower results in the Atlantic region due to lower volumes and higher operating costs. Cost control efforts have been initiated in the Atlantic region during the fourth quarter of 2000.

Over the course of 2000, the operating performance of BAX Global's Americas region has been negatively impacted by soft demand and higher transportation, operating and administrative costs relative to that demand. In addition, conditions indicate that demand in the fourth quarter of 2000 will not reach 1999 levels. As such, BAX Global is continuing to evaluate alternatives directed at returning its Americas operations to profitability. Among such alternatives are ways to improve sales performance and to reduce transportation, operating and administrative expenses. Through actions taken in the third quarter, employee-related costs have already been reduced by approximately \$8 million on an annualized basis. The alternatives for further cost reductions, which are still being evaluated, could affect future earnings as well as the carrying value of BAX Global's assets. At this time, and until such alternatives are finalized, it is not practicable to estimate, with certainty, the overall outcome of the alternatives or their impact, if any, on the financial position and/or results of operations of the Company. However, management currently anticipates that, at a minimum, transportation costs will be reduced by \$20 million to \$25 million on an annualized basis.

A supplier, which formerly provided the majority of BAX Global's 727 lift capacity and which also operates controlled lift for the freight forwarding community, filed for Chapter 11 bankruptcy protection in early May of 2000. Since that time, BAX Global has lessened its dependency on this supplier, through a negotiated reduction in lift capacity, which resulted in a decrease in total cost but an increase in the unit cost of its existing lift commitment with this supplier.

BAX Global's airline subsidiary, Air Transport International ("ATI"), reached a tentative agreement during the third quarter with the local union for the International Brotherhood of Teamsters, representing ATI's cockpit crewmembers. The Company anticipates a resolution by mid-November 2000.

Worldwide revenues for the first nine months of 2000 increased 4% over the same period of 1999 to \$1.5 billion. The operating loss in the first nine months of 2000 was \$29.1 million, compared to a profit of \$31.4 million in the first nine months of 1999.

Operating revenues in the first nine months of 2000 increased as a result of increases in both International and Americas revenues. The increase in International revenues of \$33.1 million (5%) was primarily due to continued growth in the Pacific region from increased supply chain management and transportation services in the high technology industry, as well as in the Atlantic region due to an increase in export volumes. Americas revenues increased \$35.1 million (4%) primarily as a result of increased export volumes. Domestic and international fuel surcharges have resulted in a small increase in yields for the first nine months of 2000. The increase in domestic expedited freight yield was partially offset by a decrease in volume.

Operating results for the first nine months of 2000 declined \$60.4 million compared to the same period of 1999, reflecting significantly lower performance in the Americas region partially offset by improved International results. The operating loss in the Americas region was primarily the result of lower volumes, higher service costs for its fleet of aircraft, higher administrative costs and increases in fuel costs which were not covered in their entirety by fuel surcharges and hedging activities. Operating results in the Americas region were also impacted by higher depreciation and amortization expense, reflecting the depreciation associated with higher expenditures on aircraft modifications in 1999 and information systems placed in service in late 1999. Americas operating results also include a bad debt provision of approximately \$4.5 million related to the current period bankruptcy of a customer of the America's Operations and approximately \$1.5 million associated with staff reductions related to the partial realignment of BAX Global's organizational structure. International profits increased primarily due to higher yielding supply chain management and transportation services in the Pacific region. In the first nine months of 1999, the International results included a benefit of approximately \$1.3 million from the reversal of excess incentive accruals. In addition, Other operating results for the first nine months of 2000 include expenses of approximately \$1.3 million associated with an employment agreement with a former executive.

COAL OPERATIONS

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

(IN THOUSANDS)	Three Months		Nine Months	
	Ended September 30 2000	1999	Ended September 30 2000	1999
Coal margin	\$ 2,591	4,161	2,732	14,556
Other operating income	934	2,692	3,013	5,963
Restructuring and other credits	-	851	-	851
Margin and other income	3,525	7,704	5,745	21,370
Idle equipment and closed mines	882	2,346	2,289	6,426
Inactive employee costs	7,206	9,435	22,801	27,728
Selling, general and administrative (a)	2,867	4,739	10,236	15,063
Total other costs and expenses (a)	10,955	16,520	35,326	49,217
Total segment loss (a)	\$ (7,430)	(8,816)	(29,581)	(27,847)
Depreciation and amortization	\$ 5,176	8,343	16,947	23,791
Cash capital expenditures	3,843	3,178	10,030	9,704
Coal sales (tons):				
Metallurgical	1,179	1,267	3,152	3,760
Steam	2,037	2,138	5,772	6,049
Total coal sales	3,216	3,405	8,924	9,809
Production/purchased (tons):				
Production	2,551	2,616	7,447	8,025
Purchased	442	464	1,090	1,908
Total	2,993	3,080	8,537	9,933
Coal margin per ton	\$ 0.81	1.22	0.31	1.48

(a) Prior year selling, general and administrative costs included in operating profit for Coal Operations and Other Operations have been reclassified to conform to the current year's segment presentation.

Net sales for the third quarter of 2000 were \$91.3 million, a decrease of 8% from the 1999 third quarter. Operating loss was \$7.4 million in the current year's quarter compared to \$8.8 million in the prior year's quarter.

Coal Operations' net sales for the third quarter of 2000 decreased by \$8.1 million over the prior year's quarter, largely as a result of reduced sales volume which declined by 0.2 million tons from the 3.4 million tons sold in the third quarter of 1999. Metallurgical sales volumes declined slightly as increases in domestic metallurgical coal sales volume were partially offset by a decline in export metallurgical coal sales volume reflecting the continued softness in the export market. Steam coal sales in the third quarter of 2000 decreased by 0.1 million tons (5%) to 2.0 million tons and steam realizations declined as an above-market contract reset to market in early 2000.

The operating loss in the third quarter of 2000 compared to the same period in 1999 reflects a \$1.6 million decline in total coal margin and a \$1.8 million decrease in other operating income offset by decreases in idle and closed mine costs (\$1.5 million), inactive employee costs (\$2.2 million) and selling, general and administrative costs (\$1.9 million). Operating results in the third quarter of 2000 benefited from lower pension and postretirement benefit expenses as well as lower amortization expense, primarily the result of an impairment charge recorded in the fourth quarter of 1999. Operating results for the third quarter of 1999 included a \$2.4 million benefit of litigation settlements and favorable workers' compensation claim experience. In addition, operating results for the third quarter of 1999 included \$0.8 million of costs associated with a salaried staff reduction.





Total coal margin for the third quarter of 2000 declined by \$0.41 per ton compared to the same period of 1999. Virginia margins were negatively impacted by higher production costs due to temporary adverse mining conditions at some of the Company's mines, as well as continued softness in export markets. West Virginia steam margins improved from the same period of 1999 due to lower production costs. All operations have been impacted by higher diesel fuel prices during 2000.

Other operating income decreased \$1.8 million in the third quarter of 2000 from the comparable 1999 quarter, primarily due to a favorable litigation settlement and a Federal Black Lung Excise Tax refund, all recorded during 1999.

Idle equipment and closed mine costs decreased \$1.5 million in the 2000 third quarter from the comparable 1999 quarter primarily due to the idlement of the Meadow River mine in West Virginia during 1999. This mine was subsequently closed during the fourth quarter of 1999. Inactive employee costs, which represent long-term employee liabilities for pension and retiree medical costs for inactive employees, decreased 24% over the prior year's quarter as a result of lower premiums related to the Coal Industry Retiree Benefit Act of 1992 and lower pension and postretirement benefit expense. Full year pension and postretirement benefit expense for 2000 is expected to be lower than 1999 primarily due to favorable demographic changes and an increase in the discount rate from 7.0% to 7.5%.

Coal Operations net sales for the first nine months of 2000 decreased over the prior year by \$28.9 million due almost entirely to reduced sales volume which declined 0.9 million tons from the 9.8 million tons sold in the first nine months of 1999. Through September 30, 2000, metallurgical coal sales volume decreased 16% or 0.6 million tons as compared to the first nine months of 1999. This volume decrease represented an increase in domestic metallurgical coal sales which was more than offset by a decrease in export metallurgical coal sales due to continued softness in export markets. Steam coal sales in the first nine months of 2000 decreased by 0.3 million tons (5%) to 5.8 million tons. In addition, steam realizations also declined as an above-market contract reset to market in early 2000.

Coal Operations generated an operating loss of \$29.6 million in the first nine months of 2000 as compared to \$27.8 million for the same period of 1999. This decrease in results reflects an \$11.8 million decline in total coal margin and a \$2.9 million decline in other operating income (as 1999 included a benefit of \$2.5 million from the settlement of litigation), partially offset by decreases in idle and closed mine costs (\$4.1 million), inactive employee costs (\$4.9 million) and selling, general and administrative costs (\$4.8 million). As noted above, operating results benefited from lower pension and postretirement benefit expenses as well as lower amortization expense in the first nine months of 2000.

Total coal margin declined by \$1.17 per ton for the first nine months of 2000 compared to the same period of 1999. Virginia margins were negatively impacted by higher production costs due to temporary adverse mining conditions at some of the Company's mines as well as continued softness in export markets. West Virginia steam margins were negatively impacted by higher production costs resulting from the "mountaintop removal" controversy discussed below. All operations have been impacted by higher diesel fuel prices during 2000.

Other operating income decreased \$2.9 million for the first nine months of 2000 from the comparable 1999 period primarily due to favorable litigation settlements and a Federal Black Lung Excise Tax refund all recorded during 1999.

Idle equipment and closed mine costs decreased \$4.1 million in the first nine months of 2000 from the comparable 1999 period primarily due to the idlement of the Meadow River mine in West Virginia during 1999. This mine was subsequently closed during the fourth quarter of 1999. Of the \$3.3 million liability recorded in the fourth quarter of 1999 for other closure costs of the Meadow River mine, approximately \$2.2 million has been paid as of September 30, 2000. It is anticipated that substantially all of the remaining liability will be paid

by the end of 2000. Inactive employee costs, which represent long-term employee liabilities for pension and retiree medical costs for inactive employees, decreased 18% over the same period last year as a result of slightly lower premiums related to the Coal Industry Retiree Benefit Act of 1992, lower medical benefit expense for workers on temporary lay-off primarily related to the first quarter 1999 idlement of Meadow River mine and lower pension and postretirement benefit expense.

A controversy related to a method of mining called "mountaintop removal" that began in mid-1998 in West Virginia involving an unrelated party resulted in delays in the issuance of all mining permits in West Virginia. These delays have prevented the timely issuance of several mine permits necessary for the uninterrupted mining of Vandalia Resources, Inc. ("Vandalia"), a wholly-owned subsidiary of Pittston Coal. Vandalia is actively pursuing the issuance of these permits, but when, or if, these permits will be issued is currently unknown. During the first nine months of 2000, the delay in obtaining these permits did not result in a significant number of jobs lost but did impact production efficiencies and costs by requiring mining in less productive areas. Failure to obtain approval of these permits will ultimately result in the depletion of permitted reserves. Such depletion would force the cessation of mining and the corresponding loss of jobs. Vandalia and other affected parties in West Virginia are currently exploring all legal and legislative remedies that may be available to resolve this matter.

On February 10, 1999, the US District Court for the Eastern District of Virginia entered a final judgment in favor of certain of the Company's subsidiaries, ruling that the Federal Black Lung Excise Tax ("FBLET") imposed under Section 4121 of the Internal Revenue Code is unconstitutional as applied to export coal sales and ordering a refund to the subsidiaries. A total of \$0.8 million (including interest) was refunded in 1999 for the FBLET that those companies paid for the quarter ended March 31, 1997. The Company has sought refunds of the FBLET it paid on export coal sales for all open statutory periods and expects to receive such refunds for some or all of that tax paid (plus interest) pursuant to a review of claim documentation by the Internal Revenue Service. Currently, the Company expects FBLET refunds of between \$12 million and \$20 million (pre-tax) most of which is expected to be received before mid-2001. Due to the uncertainty of the ultimate amounts and timing of the FBLET refunds, the Company has not currently recorded a receivable for such amounts. The Company is also pursuing additional claims pending a decision by the US Supreme Court related to another Company. The ultimate amounts and timing of such additional refunds, if any, cannot be determined at this time.

Coal Operations continues cash funding for charges recorded in prior years for facility closure costs recorded as restructuring and other charges in the Statement of Operations. The following table analyzes the changes in liabilities during the first nine months of 2000 for such costs:

(IN THOUSANDS)	Mine and Plant Closure Costs	Employee Termination, Medical and Severance Costs	Total
Balance as of December 31, 1999	\$ 6,596	13,622	20,218
Payments	783	1,223	2,006
Balance as of September 30, 2000	\$ 5,813	12,399	18,212

## OTHER OPERATIONS

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

(IN THOUSANDS)	Three Months		Nine Months	
	Ended September 30 2000	1999	Ended September 30 2000	1999
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Net sales:				
Mineral Ventures	\$ 4,446	3,047	12,863	9,711
Allied Operations (a)	5,964	3,046	17,582	6,968
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Total net sales	\$ 10,410	6,093	30,445	16,679
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Operating profit (loss):				
Mineral Ventures	\$ 26	(2,002)	204	(4,030)
Allied Operations (a) (b)	2,123	1,536	5,673	4,249
-----				
Total segment profit (loss)	\$ 2,149	(466)	5,877	219
-----				
Depreciation and amortization:				
Mineral Ventures	\$ 888	700	2,693	2,353
Allied Operations	360	365	1,086	1,044
-----				
Total depreciation and amortization	\$ 1,248	1,065	3,779	3,396
-----				

Certain 1999 amounts have been restated to conform to the current year classifications.

(a) Includes timber, natural gas and equipment rebuild operations.

(b) Prior year selling, general and administrative costs included in operating profit for Coal Operations and Other Operations have been reclassified to conform to the current year's segment presentation.

Mineral Ventures generated net sales during the third quarter of 2000 of \$4.5 million, a 46% increase from the \$3.0 million reported in the third quarter of 1999. The increase in net sales was the result of an increase in ounces of gold sold and higher gold realizations. Ounces of gold sold increased from 10.6 thousand ounces in the third quarter of 1999 to 15.2 thousand ounces in the same period of 2000. Breakeven results were achieved in the third quarter of 2000 compared to a \$2.0 million loss in the same period of 1999 reflecting an \$89 per ounce (32%) decrease in the cash cost of gold sold, in addition to a \$4 per ounce (1%) increase in average realization. Cash cost per ounce, in US dollar terms, was lower in the third quarter of 2000 due to the impact on unit costs of the greater production volume and, to a lesser extent, a weaker Australian dollar.

Mineral Ventures generated net sales during the first nine months of 2000 of \$12.9 million, a 32% increase from the \$9.7 million reported in the first nine months of 1999. The increase in net sales was the result of an increase in ounces of gold sold and higher gold realizations. Ounces of gold sold increased from 33.8 thousand ounces in the first nine months of 1999 to 42.8 thousand ounces in the same period of 2000. Operating profit for the first nine months of 2000 was \$0.2 million compared to an operating loss of \$4.0 million in the same period of 1999, reflecting a \$50 per ounce (19%) decrease in the cash cost of gold sold, in addition to a \$13 per ounce (5%) increase in average realization. Cash cost per ounce in US dollar terms was lower in the first nine months of 2000 due to increased production volume, and, to a lesser extent, a weaker Australian dollar.

Net sales from the gas, timber and equipment rebuild businesses amounted to \$6.0 million and \$3.0 million in the third quarter of 2000 and 1999, respectively. The improvement was primarily due to higher natural gas prices and increased revenues from timber (reflecting the start-up of the hard wood chip mill during the third quarter of 1999) and continued growth in equipment rebuilds. Operating profit from the gas, timber and equipment rebuild businesses amounted to \$2.1 million and \$1.5 million in the third quarters of 2000 and 1999, respectively. The increase was primarily due to increased natural gas prices, offset by lower operating profits from the timber business, reflecting start-up costs associated with the tie mill.

Net sales from the gas, timber and equipment rebuild businesses amounted to \$17.6 million and \$7.0 million in the first nine months of 2000 and 1999, respectively. The improvement was primarily due to the previously mentioned higher natural gas prices and increased revenues from timber and equipment rebuilds. Operating profit from the gas, timber and equipment rebuild businesses amounted to \$5.7 million and \$4.2 million in the first nine months of 2000 and 1999, respectively. The increase was mainly due to higher natural gas prices and related royalties as well as additional equipment rebuild business partially offset by lower operating profit from the timber business, reflecting start-up costs associated with the tie mill.

#### FOREIGN OPERATIONS

A portion of the Company's financial results is derived from activities in over 100 countries each with a local currency other than the US dollar. Because the financial results of the Company are reported in US dollars, they are affected by changes in the value of the various foreign currencies in relation to the US dollar. Changes in exchange rates may also affect transactions which are denominated in currencies other than the functional currency. The Company periodically enters into such transactions in the course of its business. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency fluctuations may have in any one country on the translated results. The Company, from time to time, uses foreign currency forward contracts to hedge transactional risks associated with foreign currencies. Translation adjustments of net monetary assets and liabilities denominated in the local currency relating to operations in countries with highly inflationary economies are included in net income, along with all transaction gains or losses for the period. A subsidiary in Venezuela operates in such a highly inflationary economy.

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

#### OTHER OPERATING INCOME, NET

Other operating income, net, which is a component of each operating segment's previously discussed operating profit, generally includes the Company's share of net earnings or losses of unconsolidated foreign affiliates, royalty income, gains and losses from foreign currency exchange and from sales of coal operating assets. Other operating income, net for the three and nine months ended September 30, 2000 was \$5.4 million and \$13.4 million, respectively, compared to \$5.0 million and \$14.3 million, respectively, in the three and nine months ended September 30, 1999. The increase in other operating income for the third quarter of 2000 as compared to the same period of 1999 was primarily due to higher net gains from foreign currency exchange and increased earnings of unconsolidated foreign affiliates partially offset by lower gains from litigation settlements at the Company's Coal Operations. Other operating income for the first nine months of 1999 includes approximately \$3.5 million of gains from the settlement of litigation at Coal Operations. These gains more than offset higher royalty income, increased earnings of unconsolidated foreign affiliates and higher net gains from foreign currency exchange in the first nine months of 2000, as compared to the same period of 1999.

#### INTEREST EXPENSE, NET

Net interest expense increased \$2.7 million (35%) and \$2.8 million (12%) in the third quarter and first nine months of 2000 as compared to the same periods of 1999. This increase was predominantly due to higher average borrowings and higher US interest rates. Interest costs on borrowings under the new credit agreement are expected to increase due to an increase in the average borrowing costs of approximately 80 to 90 basis points on an annualized basis.

#### OTHER INCOME/EXPENSE, NET

Other income/expense, net for the three and nine months ended September 30, 2000 was expense of \$1.5 million and \$0.6 million, respectively, compared to income of \$0.1 million and expense of \$0.2 million, respectively, for the three and nine months ended September 30, 1999. The \$1.6 million additional expense for the three-month period was primarily due to an increase in minority interest expense (due to improved results of consolidated subsidiaries), lower net gains on the sale of assets and lower foreign currency net translation gains. The \$0.4 million additional expense for the nine month period includes a \$1.9 million gain on an investment held by Coal Operations recorded in the first quarter of 2000, which was more than offset

by an increase in minority interest expense (due to improved results of consolidated affiliates), lower gains on the sale of assets and lower foreign currency net translation gains.

#### INCOME TAXES

In both the 2000 and 1999 periods presented, the provision for income taxes was less than the statutory federal income tax rate of 35% primarily due to the tax benefits of percentage depletion and lower taxes on foreign income, partially offset by provisions for goodwill amortization and state income taxes.

The difference in the effective tax rate for the nine month periods ended September 30, 2000 and 1999 is primarily a result of the change in the Company's reporting entities due to the elimination of the tracking stock capital structure. Under the prior reporting structure, a separate effective tax rate was estimated for each Group and was applied to each Group's year-to-date pretax earnings. The quarterly tax provision reflected in the consolidated financial statements of the Company was a combination of the three Group's tax provisions. This resulted in quarterly (not annual) fluctuations in the consolidated tax rate. However, with the elimination of the tracking stock capital structure, the Company reports its results of operations as one entity and a consolidated effective tax rate is computed. As a result, the effective tax rate is expected to be relatively consistent from quarter to quarter, exclusive of the impact of the potential coal sale or other extraordinary or currently unanticipated items.

#### FINANCIAL CONDITION

##### CASH FLOW REQUIREMENTS

Net cash provided by operating activities during the first nine months of 2000 totaled \$178.3 million compared with \$212.8 million in the first nine months of 1999. This decrease resulted primarily from lower earnings combined with a small increase in the cash required to fund working capital, partially offset by slightly higher non-cash charges. The small increase in cash required to fund working capital was primarily due to additional working capital requirements at BAX Global, offset by a reduction in working capital requirements at Brink's and a decrease in coal inventories at Coal Operations. Non-cash charges were impacted by higher depreciation (primarily at BAX Global), lower heavy maintenance expense and lower pension expense which primarily reflects a decrease in service cost due to favorable demographic changes and an increase in the discount rate from 7.0% to 7.5%. Both pension and postretirement medical expenses are expected to continue at levels lower than last year, through the end of 2000.

##### INVESTING ACTIVITIES

Cash capital expenditures for the first nine months of 2000 were \$164.0 million, down from \$197.0 million in the comparable period of 1999. Of the 2000 cash capital expenditures, \$54.0 million was spent by Brink's, \$54.6 million was spent by BHS, \$41.5 million was spent by BAX Global, and \$13.2 million was spent by Natural Resource Operations. Lower cash capital expenditures in the first nine months of 2000 versus the same period of 1999 were primarily due to lower levels of spending at BHS for customer installations, at BAX Global for aircraft modifications and at Brink's for IT expenditures. For the full year of 2000, company-wide cash capital expenditures are projected to range between \$215 and \$225 million. The foregoing amounts exclude expenditures that have been or are expected to be financed through capital leases and any acquisition expenditures. Net cash used in investing activities for the first nine months of 2000 also includes approximately \$2.2 million of cash proceeds relating to the sale of an investment held by the Company's Coal Operations and \$3.8 million of cash used to fund other acquisitions (primarily at Brink's).

During the first nine months of 2000, heavy maintenance expenditures of \$41.8 million decreased \$9.7 million over the same period in 1999. This decrease was primarily due to increased efforts to control spending and a reduced number of planes in the fleet.

## FINANCING

The Company intends to fund cash capital expenditures through cash flow from operating activities or through operating leases if the latter are financially attractive. Any additional funding that may be required will be financed through the Company's revolving credit agreements or other borrowing arrangements.

Net cash used by financing activities was \$7.4 million for the first nine months of 2000, compared with net cash provided of \$15.8 million for the same period in 1999. Activities in 1999 included higher net borrowings used primarily to finance the purchase of the Company's Preferred Stock. The 2000 levels reflected repayments under the Facility (described below) due primarily to excess borrowings at December 31, 1999 as well as repayments of a portion of the debt of Brink's France and Venezuela.

On October 3, 2000, the Company entered into a \$370 million credit agreement with a syndicate of banks to replace the then existing \$350 million credit agreement that was due to expire in May 2001. The new credit agreement includes a \$185 million three year revolving credit facility and a \$185 million short-term revolving credit facility, both of which permit additional borrowings, repayments and reborrowings up to the maximum. Interest costs under the new credit agreement are expected to increase primarily due to an increase in the average borrowing costs of approximately 80 to 90 basis points on an annualized basis. Among the covenants in the new credit agreement are covenants that limit the Company's maximum allowable indebtedness and provide for minimum coverage of interest costs. The maturity dates of the short-term and long-term portions of the credit agreement are October 2, 2001 and October 3, 2003, respectively.

Prior to entering into the new credit agreement and through September 30, 2000, the Company had a \$350 million credit agreement with a syndicate of banks (the "Facility"). The Facility included a \$100 million term loan and also permitted additional borrowings, repayments and reborrowings of up to an aggregate of \$250 million. As of September 30, 2000 and December 31, 1999, borrowings of \$100 million were outstanding under the term loan portion of the Facility and \$181.1 million and \$185 million, respectively, of additional borrowings were outstanding under the remainder of the Facility.

## MARKET RISKS AND HEDGING AND DERIVATIVE ACTIVITIES

The Company has activities in well over 100 countries and a number of different industries. These operations expose the Company to a variety of market risks, including the effects of changes in foreign currency exchange rates and interest rates. In addition, the Company consumes and sells certain commodities in its businesses, exposing it to the effects of changes in the prices of such commodities. These financial and commodity exposures are monitored and managed by the Company as an integral part of its overall risk management program. The diversity of foreign operations helps to mitigate a portion of the impact that foreign currency rate fluctuations may have in any one country on the translated results. The Company's risk management program considers this favorable diversification effect as it measures the Company's exposure to financial markets and as appropriate, seeks to reduce the potentially adverse effects that the volatility of certain markets may have on its operating results. In addition, the Company, in some cases, is able to adjust its pricing to cover a portion of the increase in the cost of certain commodities (primarily jet fuel). The Company has not had any material change in its market risk exposures since December 31, 1999.

## CAPITALIZATION

As previously discussed, prior to January 14, 2000, the Company had three classes of common stock: Brink's Stock, BAX Stock and Minerals Stock, which were designed to provide shareholders with securities reflecting the performance of the Brink's Group, the BAX Group and the Minerals Group, respectively.

On December 6, 1999, the Company announced that its Board of Directors (the "Board") had approved the elimination of the tracking stock capital structure by an exchange of all outstanding shares of Minerals Stock and BAX Stock for shares of Brink's Stock (the "Exchange"). The Exchange took place on January 14, 2000

(the "Exchange Date"), on which date, holders of Minerals Stock received 0.0817 share of Brink's Stock for each share of their Minerals Stock; and holders of BAX Stock received 0.4848 share of Brink's Stock for each share of their BAX Stock based on the shareholder approved formula and calculated as follows:

(PER SHARE PRICES)	Brink's Stock	BAX Stock	Minerals Stock
Ten day average price*	\$ 18.92	\$ 7.98	\$ 1.34
Exchange factor	1.00	1.15	1.15
Fair Market Value, as defined*	\$ 18.92	\$ 9.17	\$ 1.54
Exchange ratio	N/A	0.4848	0.0817
Closing prices:			
December 3, 1999	\$ 18.375	\$ 10.0625	\$ 1.125
December 6, 1999	21.500	10.1250	1.625

\*The "Fair Market Value" of each class of common stock was determined by taking the average closing price of that class of common stock for the 10 trading days beginning 30 business days prior to the first public announcement of the exchange proposal. Since the first public announcement was made on December 6, 1999, the average closing price was calculated during the 10 trading days beginning October 22, 1999 and ending November 4, 1999.

From and after the Exchange Date, Brink's Stock is the only outstanding class of common stock of the Company and continues to trade on the New York Stock Exchange under the symbol "PZB". Prior to the Exchange Date, Brink's Stock reflected the performance of the Brink's Group only; after the Exchange Date, Brink's Stock reflects the performance of The Pittston Company as a whole. Shares of Brink's Stock after the Exchange are hereinafter referred to as "Pittston Common Stock".

As a result of the Exchange on January 14, 2000, the Company issued 10,916,367 shares of Pittston Common Stock, which consists of 9,490,227 shares of Pittston Common Stock equal to 100% of the Fair Market Value, as defined, of all BAX Stock and Minerals Stock and 1,426,140 shares of Pittston Common Stock equal to the additional 15% of the Fair Market Value of BAX Stock and Minerals Stock exchanged pursuant to the above-described formula. Of the 10,916,367 shares issued, 10,195,630 shares were issued to holders of BAX Stock and Minerals Stock and 720,737 shares were issued to The Pittston Company Employee Benefits Trust (the "Trust").

Shares issued to holders of BAX Stock and Minerals Stock (excluding those shares issued to the Trust) were distributed as follows:

(IN MILLIONS EXCEPT PER SHARE PRICES)	Holders of BAX Stock	Holders of Minerals Stock
Shares outstanding on January 13, 2000	19.5	9.3
Brink's Stock issued pursuant to the Exchange:		
Based on 100% of Fair Market Value	8.2	0.7
Based on 15% of Fair Market Value	1.2	0.1
Total shares issued on January 14, 2000	9.4	0.8
Brink's Stock closing price per share		
- December 3, 1999	\$ 18.375	18.375
Value as of December 3, 1999 of Brink's Stock issued pursuant to the Exchange	\$ 173.5	13.9

As set forth in the Company's Articles of Incorporation approved by the shareholders, in the event of a dissolution, liquidation or winding up of the Company, holders of Brink's Stock, BAX Stock and Minerals Stock would have shared on a per share basis, the funds, if any, remaining for distribution to

the common shareholders. In the case of Minerals Stock, such percentage had been set, using a nominal number of shares of Minerals Stock of 4.2 million (the "Nominal Shares") in excess of the actual number of shares of Minerals Stock outstanding. The liquidation percentages were subject to adjustment in proportion to the relative change in the total number of shares of Brink's Stock, BAX Stock and Minerals Stock, as the case



may be, then outstanding to the total number of shares of all other classes of common stock then outstanding (which totals, in the case of Minerals Stock, shall include the Nominal Shares). As of December 3, 1999, such liquidation percentages would have been approximately 54%, 27% and 19% for holders of Brink's Stock, BAX Stock and Minerals Stock, respectively. Including the additional shares issued pursuant to the Exchange the liquidation percentages for former holders of Brink's Stock, BAX Stock and Minerals Stock, respectively, as of January 14, 2000 would have been approximately 79%, 19% and 2%.

Upon completion of the Exchange on January 14, 2000, there were a total of 49.5 million issued and outstanding shares of Pittston Common Stock for use in the calculation of net income per common share.

Under the share repurchase programs authorized by the Board, the Company purchased shares in the periods presented:

(DOLLARS IN MILLIONS, SHARES IN THOUSANDS)	Three Months		Nine Months	
	Ended September 30 2000	1999	Ended September 30 2000	1999
-----				
Pittston Common Stock:				
Shares	-	N/A	-	N/A
Cost	\$ -	N/A	-	N/A
Brink's Stock:				
Shares	N/A	-	N/A	100.0
Cost	\$ N/A	-	N/A	2.5
Convertible Preferred Stock:				
Shares	8.2	-	8.2	83.9
Cost	\$ 2.2	-	2.2	21.0
Excess carrying amount (a)	\$ 1.7	-	1.7	19.2
-----				

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

In March 1999, the Company purchased 0.08 million shares (or 0.8 million depository shares) of its Convertible Preferred Stock for \$21.0 million and in September 2000, the Company purchased .008 million shares (or .08 million depository shares) of its Convertible Preferred Stock for \$2.2 million. The Convertible Preferred Stock is convertible into Pittston Common Stock and has an annual dividend rate of \$31.25 per share. Preferred dividends included on the Company's Consolidated Statement of Operations for the three and nine months ended September 30, 2000 and the three months ended March 31, 1999 are net of \$1.7 million and \$19.2 million, respectively, which is the excess of the carrying amount of the Convertible Preferred Stock over the cash paid to the holders of the Convertible Preferred Stock.

As of September 30, 2000, the Company had the remaining authority to purchase over time 0.9 million shares of Pittston Common Stock and an additional \$5.4 million of its Convertible Preferred Stock. The remaining aggregate purchase cost limitation for all common stock was \$22.2 million as of September 30, 2000.

#### DIVIDENDS

The Board intends to declare and pay dividends, if any, on Pittston Common Stock based on the earnings, financial condition, cash flow and business requirements of the Company.

During the first nine months of 2000, the Board declared and the Company paid cash dividends of 7.50 cents per share of Pittston Common Stock. During the first nine months of 1999, the Board declared and the Company paid cash dividends of 7.50 cents per share of Brink's Stock, 18.00 cents per share of BAX Stock and 2.50 cents per share of Minerals Stock. Dividends paid on the Convertible Preferred Stock in the first nine months of 2000 and 1999 were \$0.7 million and \$1.3 million, respectively.

#### PENDING ACCOUNTING CHANGES

Staff Accounting Bulletin ("SAB") No. 101, which provides interpretive guidance on applying generally accepted accounting principles to revenue recognition in financial statements will be implemented by the Company in the fourth quarter of 2000. The Company is currently assessing SAB No. 101 as well as written guidance regarding its implementation which was issued in late October 2000. As such, no final determination has been made whether the SAB will materially impact (positively or negatively) the reported results of the Company. It is anticipated that the impact, if any, related to the implementation of SAB No. 101 would only affect BHS and would be recorded as a change in accounting principle as of January 1, 2000, as is called for in the SAB.

Emerging Issues Task Force ("EITF") No. 00-10 "Accounting for Shipping and Handling Fees and Costs" will be implemented by the Company in the fourth quarter of 2000. EITF no. 00-10 will require the Company's Coal Operations to begin reporting fees charged for certain shipping and handling activity on a disaggregated basis (i.e. separately report the associated revenues and costs) whereas such fees are currently being netted against gross sales to arrive at reported net sales. The implementation of this EITF will not impact the operating profit or net income of the Company as it will increase sales and costs of sales by equivalent amounts.

#### FORWARD LOOKING INFORMATION

Certain of the matters discussed herein, including statements regarding the impact at BHS of growth in new distribution channels and certain initiatives on the net cost of marketing, sales and installation costs and their impact on profitability in the future, the potential impact of SAB No. 101 on BHS' operations, BAX Global's evaluation of alternatives to further reduce costs and the effect on future earnings and the carrying value of BAX Global's assets or on the financial position and/or the results of operations of the Company, reductions in transportation costs at BAX Global, fourth quarter demand for BAX Global's services, financing alternatives, the anticipated resolution of BAX Global's ATI's negotiations with the local Teamsters Union, benefits expense, issuance of mining permit approvals, payment of liabilities associated with the closure of the Meadow River mine, changes in foreign exchange rates, projections about effective tax rates, the amount and timing of anticipated FBLET refunds, market risk and capital spending, expectations that EITF No. 00-10 will not impact the operating profit or net income of the Company, increased borrowing costs of the Company, the sale of coal assets (including the likely date of the sale) and the recording of losses relating thereto involve forward looking information which is subject to known and unknown risks, uncertainties, and contingencies which could cause actual results, performance or achievements, to differ materially from those which are anticipated. Such risks, uncertainties and contingencies, many of which are beyond the control of the Company, include, but are not limited to, overall economic and business conditions in the United States and other countries, the demand for the Company's products and services, the success of new distribution channels at BHS, the effective implementation of BHS initiatives related to the net cost of marketing, sales and installation, the ultimate outcome of the Company's analysis of SAB No. 101 and EITF No. 00-10, the results of BAX Global's evaluation of alternatives to further reduce costs, the effective implementation of BAX Global's initiatives to reduce overall operating costs, the vote on the tentative agreement between ATI and the local Teamsters Union, pricing and other competitive factors in the industry, geological conditions, new government regulations and/or legislative initiatives, variations in costs or expenses, variations in the prices of coal, the timing and outcome of the Internal Revenue Service administrative process dealing with FBLET as well as decisions to be made by the Supreme Court, the timing and ultimate outcome of selling coal assets, the amount of Company borrowings, demographic changes and increases or decreases in discount rates related to benefits expense, delays in the issuance of mining permits and the ability of counterparties to perform.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

Exhibit  
Number

-----  
10 \$370,000,000 Credit Agreement, dated as of October 3, 2000, among the Registrant, as Borrower, Certain of Its Subsidiaries, as Guarantors, Various Lenders and Fleet National Bank and Chase Manhattan Bank as Co-Syndication Agents and Bank of America, N.A., as Administrative Agent

27 Financial Data Schedule

(b) There were no reports on Form 8-K filed during the third quarter of 2000.

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, thereunto duly authorized.

THE PITTSTON COMPANY

November 7, 2000

By /S/ ROBERT T. RITTER

-----  
Robert T. Ritter  
(Vice President -  
Chief Financial Officer)

\$370,000,000

CREDIT AGREEMENT

among

THE PITTSTON COMPANY  
as Borrower

CERTAIN OF ITS SUBSIDIARIES  
as Guarantors

VARIOUS LENDERS

and

FLEET NATIONAL BANK  
and  
THE CHASE MANHATTAN BANK  
as Co-Syndication Agents

and

BANK OF AMERICA, N.A.  
as Administrative Agent

Dated as of October 3, 2000

BANC OF AMERICA SECURITIES LLC  
Lead Arranger and Book Manager

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## SCHEDULES

- Schedule 1.1(a) - Commitments as of Closing Date
- Schedule 1.1(b) - Unrestricted Subsidiaries of the Borrower as of Closing Date
- Schedule 6.1.6 - Subsidiaries of the Borrower as of Closing Date
- Schedule 9.2 - Liens as of Closing Date
- Schedule 13.1 - Notice Addresses for Lenders

## EXHIBITS

- Exhibit A - Form of Revolving Credit Note
- Exhibit B - Form of Notice of Revolving Credit Borrowing
- Exhibit C - Form of Notice of Account Designation
- Exhibit D - Form of Notice of Prepayment
- Exhibit E - Form of Guarantor Joinder Agreement
- Exhibit F - Form of Notice of Conversion/Continuation
- Exhibit G - Form of Assignment and Acceptance

CREDIT AGREEMENT dated as of October 3, 2000 among THE PITTSTON COMPANY, a Virginia corporation (the "Borrower"), certain of the Borrower's Subsidiaries from time to time party hereto (each a "Guarantor," and together with the Borrower, the "Credit Parties," and each, a "Credit Party"), the Lenders from time to time party hereto, FLEET NATIONAL BANK and THE CHASE MANHATTAN BANK, as Co-Syndication Agents, and BANK OF AMERICA, N.A., as Administrative Agent (the "Administrative Agent") (all capitalized terms used herein and defined in Section 1.1 are used herein as therein defined).

#### STATEMENT OF PURPOSE

WHEREAS, the Borrower wishes to establish with the Lenders credit facilities providing for revolving loans and letters of credit of up to \$370,000,000 in the aggregate maximum principal amount at any time outstanding, and the Lenders and the Administrative Agent are willing to establish such credit facilities on the terms and conditions set forth herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree as follows:

#### ARTICLE I

##### DEFINITIONS, ETC.

###### Section 1.1 Definitions.

The following terms when used in this Agreement shall have the meanings assigned to them below:

"364 Day Facility" means the short term revolving credit facility established pursuant to Section 2.1 hereof.

"364 Day Facility Commitment" means (a) as to any Lender, the obligation of such Lender to make Revolving Credit Loans under the 364 Day Facility for the account of the Borrower in an aggregate principal amount at any time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 1.1(a) hereto, as such amount may be increased, reduced or modified at any time or from time to time pursuant to the terms hereof and (b) as to all Lenders, the aggregate 364 Day Facility Commitment of all Lenders to make Revolving Credit Loans under the 364 Day Facility, as such amount may be reduced or modified at any time or from time to time pursuant to the terms hereof. The 364 Day Facility Commitment of all Lenders on the Closing Date shall be One Hundred Eighty Five Million and No/100s Dollars (\$185,000,000).

"364 Day Facility Commitment Percentage" means, as to any Lender at any time, the ratio of (a) the amount of the 364 Day Facility Commitment of such Lender to (b) the aggregate 364 Day Facility Commitment of all of the Lenders.

"364 Day Facility Fee" shall have the meaning assigned thereto in Section 4.3.1.

"364 Day Facility Specified Maturity Date" means October 2, 2001 or such later date as determined pursuant to Section 2.8.3.

"364 Day Facility Termination Date" means the earliest of the dates referred to in Section 2.8.1.

"Administrative Agent" means Bank of America in its capacity as Administrative Agent hereunder, and any successor thereto appointed pursuant to Section 12.9.

"Administrative Agent's Office" means the office of the Administrative Agent specified in or determined in accordance with the provisions of Section 13.1.3.

"Affiliate" means, with respect to any Person, any other Person (other than a Subsidiary) which directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person or any of its Subsidiaries. The term "control" means the possession, directly or indirectly, of any power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Aggregate Revolving Credit Commitment" means (a) as to any Lender, the aggregate of such Lender's 364 Day Facility Commitment and Three Year Facility Commitment, as such amount may be increased, reduced or modified at any time or from time to time pursuant to the terms hereof and (b) as to all Lenders, the aggregate 364 Day Facility Commitment and Three Year Facility Commitment of all Lenders, as such amount may be reduced or modified at any time or from time to time pursuant to the terms hereof. The Aggregate Revolving Credit Commitment of all Lenders on the Closing Date shall be Three Hundred Seventy Million and No/100s Dollars (\$370,000,000).

"Aggregate Revolving Credit Commitment Percentage" means, as to any Lender at any time, the ratio of (a) such Lender's Aggregate Revolving Credit Commitment to (b) the Aggregate Revolving Credit Commitment of all of the Lenders.

"Agreement" means this Credit Agreement, as amended, restated, supplemented or otherwise modified.

"Applicable Law" means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of Governmental Authorities and all orders and decrees of all courts and arbitrators.

"Applicable LT Rating" means as to each of Moody's and S&P, its rating of the Borrower's senior, unsecured, long-term, non-credit-enhanced debt for borrowed money (or of the unsecured long-term debt of any other Person, the rating of which by Moody's and S&P is based upon a senior, unsecured, non-credit-enhanced guarantee by the Borrower).

"Applicable Percentage" means, for purposes of calculating (a) the interest rate applicable to Offshore Rate Loans under Section 4.1.1; (b) the Utilization Fee under Section 4.1.6; or (c) the Facility Fees under Section 4.3, the applicable percentage set forth in the following tables opposite the Applicable LT Rating:

Pricing Level	Applicable LT Rating	Offshore Rate Loans under the 364 Day Facility	Facility Fee for 364 Day Facility	Offshore Rate Loans under the Three Year Facility	Facility Fee for Three Year Facility	Utilization Fee with Utilization >50%
I	A-/A3 or above	0.290%	0.085%	0.275%	0.100%	0.125%
II	BBB+/Baa1	0.525%	0.100%	0.500%	0.125%	0.125%
III	BBB/Baa2	0.850%	0.150%	0.825%	0.175%	0.125%
IV	BBB-/Baa3	1.050%	0.200%	1.025%	0.225%	0.125%
V	BB+/Ba1	1.250%	0.250%	1.200%	0.300%	0.125%
VI	BB/Ba2 or below	1.400%	0.350%	1.350%	0.400%	0.125%

For purposes of the foregoing, (i) if the Applicable LT Ratings established by Moody's and S&P are different but correspond to consecutive Pricing Levels, then the Pricing Level with the lower number (I.E., corresponding to the better rating) shall apply, and (ii) if the Applicable LT Ratings established by Moody's and S&P are different and correspond to non-consecutive Pricing Levels, then the Pricing Level with a number equal to the higher Pricing Level number (I.E., corresponding to the worse rating) MINUS one shall apply (I.E., if Moody's and S&P's Applicable LT Ratings correspond to Pricing Levels I and IV, respectively, then Pricing Level III will apply).

The Applicable Percentage shall be adjusted on the date five (5) Business Days after the date of any change in the Applicable LT Ratings (each such adjustment date a "Rate Determination Date"). Each Applicable Percentage shall be effective from a Rate Determination Date until the next such Rate Determination Date. Adjustments in the Applicable Percentages shall be effective as to existing Extensions of Credit as well as any new Extension of Credit made thereafter.

"Arranger" means Banc of America Securities LLC.

"Assignment and Acceptance" shall have the meaning assigned thereto in Section 13.9.2(c).

"Bank of America" means Bank of America, N.A., a national banking association, and its successors.

"Bankruptcy Event" means any of the Events of Default set forth in Sections 11.1.8, 11.1.9 or 11.1.11, or any of those events which with the passage of time, the giving of notice or any other condition, would constitute such an Event of Default.

"Base Rate" means, at any time, the higher of (a) the Prime Rate and (b) the sum of (i) the Federal Funds Rate plus (ii) 1/2 of 1%; each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate or the Federal Funds Rate.

"Base Rate Loan" means any Loan bearing interest at a rate based upon the Base Rate as provided in Section 4.1.1.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States (or any successor thereof).

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

"Business Day" means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions are authorized or required by law or other governmental action to close in Charlotte, North Carolina, Richmond, Virginia or New York, New York; provided that in the case of Offshore Rate Loans, such day is also a day on which dealings between banks are carried on in U.S. dollar deposits in the London interbank market.

"Capital Lease" means, with respect to any Person who is a lessee of property, any lease of any property that should, in accordance with GAAP, be classified and accounted for as a capital lease on the lessee's balance sheet.

"Capital Lease Obligation" means the amount of the liability that is capitalized in respect of any Capital Lease in accordance with GAAP.

"Cash Equivalents" means (a) demand deposits maintained in the ordinary course of business, (b) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (c) time deposits, certificates of deposit, master notes and bankers acceptances of (i) any Lender, (ii) any commercial bank or trust company (or any Affiliate thereof) having capital and surplus in excess of \$500,000,000 or (iii) any bank whose short-term commercial paper rating from S&P is at least A-2 or the equivalent thereof or from Moody's is at least P-2 or the equivalent thereof (any such bank, trust company or Affiliate thereof being an "Approved Institution"), in each case with maturities of not more than 270 days from the date of acquisition, (d) commercial paper and variable or fixed rate notes issued by any Approved Institution (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-2 (or similar ratings by successor rating agencies) or better by S&P or P-2 (or similar ratings by successor rating agencies) or better by Moody's and maturing within six months of the date of acquisition, (e) repurchase agreements entered into by any Person with a bank or trust company (including any of the Lenders) or recognized securities dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States in which such Person shall have a perfected first priority security

interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations, (f) Investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by Approved Institutions, (g) obligations of states, municipalities, counties, political subdivisions, agencies of the foregoing and other similar entities, rated at least A, MIG-1 or MIG-2 by Moody's or at least A by S&P (or similar ratings by successor rating agencies), (h) unrated obligations of states, municipalities, counties, political subdivisions, agencies of the foregoing and other similar entities, supported by irrevocable letters of credit issued by Approved Institutions, or (i) unrated general obligations of states, municipalities, counties, political subdivisions, agencies of the foregoing and other similar entities, provided that the issuer has other outstanding general obligations rated at least A, MIG-1 or MIG-2 by Moody's or A by S&P (or similar ratings by successor rating agencies).

"Change in Control" shall be deemed to have occurred if (i) any person or group of persons (within the meaning of Section 13(d) of the Securities Exchange Act, as amended) shall obtain, directly or indirectly, beneficially or of record, ownership or control in one or more series of transactions of shares representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Borrower, provided that such person or group of persons shall be deemed to have obtained such ownership or control on the date thirty days after the date that such person or group of persons actually obtains such ownership or control, (ii) a majority of the seats on the board of directors of the Borrower shall be occupied by persons other than (x) directors on the date of this Agreement or (y) directors initially nominated or appointed by action of the board of directors of the Borrower or (iii) there shall have occurred under any indenture or other instrument evidencing Debt of the Borrower or any Restricted Subsidiary for borrowed money in excess of \$25,000,000 a "change in control" (as defined in such indenture or other instrument evidencing such Debt) beyond any grace period permitted therein obligating the Borrower or any Restricted Subsidiary to repurchase, redeem or repay all or any part of such Debt or any capital stock provided for therein.

"Closing Date" means the date of this Agreement or such later Business Day upon which each condition described in Section 5.2 and Section 5.3 shall be satisfied or waived in all respects.

"Code" means the Internal Revenue Code of 1986, and the rules and regulations thereunder, each as amended, supplemented or otherwise modified from time to time.

"Commitment" means, as to any Lender at any time, such Lender's 364 Day Facility Commitment, Three Year Facility Commitment or Aggregate Revolving Credit Commitment, as the context requires.

"Commitment Percentage" means, as to any Lender at any time, such Lender's 364 Day Facility Commitment Percentage, Three Year Facility Commitment Percentage or Aggregate Revolving Credit Commitment Percentage, as the context requires.

"Competitive Bid" means an offer by a Lender to make a Competitive Bid Loan in accordance with Section 2.5.

"Competitive Bid Loan" means any Loan made pursuant to Section 2.5 and all such Loans collectively as the context requires.

"Competitive Bid Rate" means the rate of interest per annum expressed as a percentage rate in the form of a decimal to no more than four decimal places offered by a Lender making a Competitive Bid with respect to any Competitive Bid Loan.

"Consolidated Debt" means Debt of the Borrower and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP after giving appropriate effect to any outside minority interests in Restricted Subsidiaries.

"Consolidated EBITDA" shall mean, for the Borrower and its Restricted Subsidiaries for any period, an amount equal to the sum of (a) Consolidated Net Income for such period plus (b) to the extent deducted in determining Consolidated Net Income for such period, (i) Consolidated Interest Expense, (ii) income tax expense, (iii) depreciation, depletion and amortization, and (iv) all other non-cash charges, determined on a consolidated basis in accordance with GAAP after giving appropriate effect to any outside minority interests in the Restricted Subsidiaries.

"Consolidated Interest Expense" means, for any period, as applied to the Borrower and its Restricted Subsidiaries, all interest expense (whether paid or accrued) and capitalized interest, including without limitation (a) the amortization of debt discount and premium, (b) the interest component under Capital Leases, and (c) the implied interest component, discount or other similar fees or charges in connection with any asset securitization program in each case determined on a consolidated basis in accordance with GAAP after giving appropriate effect to any outside minority interests in the Restricted Subsidiaries.

"Consolidated Lease Rentals" means Lease Rentals of the Borrower and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP after giving appropriate effect to any outside minority interests in the Restricted Subsidiaries.

"Consolidated Net Income" means, for any period, the net income, after taxes, of the Borrower and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP after giving appropriate effect to any outside minority interests in the Restricted Subsidiaries, but excluding, to the extent reflected in determining such net income, (a) any extraordinary gains and losses for such period, (b) any loss arising from or relating to the initial classification of any portion of the Pittston Minerals Group as discontinued operations and any subsequent adjustments associated with the disposition of such discontinued operations, (c) any non-cash write-down or write-off in the book value of any assets, and (d) any loss in connection with the disposition of any assets.

"Consolidated Net Worth" means, as of any date, as applied to the Borrower and its Restricted Subsidiaries, shareholders' equity or net worth as determined and computed on a consolidated basis in accordance with GAAP after giving appropriate effect to any outside minority interests in the Restricted Subsidiaries, provided that in determining "Consolidated Net Worth" there shall be (a) included any issuance of preferred stock by the Borrower and (b) excluded (i) any extraordinary gains and losses, (ii) any loss arising from or relating to the initial classification of any portion of the Pittston Minerals Group as

discontinued operations and any subsequent adjustments associated with the disposition of such discontinued operations, (iii) any non-cash write-down or write-off in the book value of any assets, and (iv) any loss in connection with the disposition of any assets.

"Consolidated Total Assets" means, as of any date, the assets and properties of the Borrower and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP after giving appropriate effect to any outside minority interests in the Restricted Subsidiaries.

"Contaminant" shall mean any waste, hazardous material, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste that is regulated under any Environmental Law.

"Credit Facility" means the collective reference to the 364 Day Facility, the Three Year Facility and the L/C Facility or any one of them, as the context requires.

"Credit Parties" means, collectively, the Borrower and the Guarantors; "Credit Party" means any one of them.

"Current SEC Reports" means the most recent report on Form 10-K, or any successor form, and any amendments thereto filed by the Borrower with the Securities and Exchange Commission (the "Commission") and any reports on Forms 10-Q and/or 8-K, or any successor forms, and any amendments thereto, filed by the Borrower with the Commission after the date of such report on Form 10-K.

"Debt" of any Person means at any date, without duplication, the sum of the following determined and calculated in accordance with GAAP: (a) all obligations of such Person for borrowed money, (b) all obligations of such Person issued or assumed as the deferred purchase price of property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within six months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (c) all Debt of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, provided that for purposes hereof the amount of such Debt shall be calculated at the greater of (i) the amount of such Debt as to which there is recourse to such Person and (ii) the fair market value of the property which is subject to the Lien, (d) all Support Obligations of such Person with respect to Debt of others, (e) the principal portion of all obligations of such Person under Capital Leases, (f) the maximum amount of all drafts drawn under standby letters of credit issued or bankers' acceptances facilities created for the account of such Person (to the extent unreimbursed), and (g) the outstanding attributed principal amount under any asset securitization program of such Person. The Debt of any Person shall include the Debt of any partnership or joint venture in which such Person is a general partner or a joint venturer, but only to the extent to which there is recourse to such Person for payment of such Debt.

"Default" means any of the events specified in Section 11.1 which with the passage of time, the giving of notice or both, would constitute an Event of Default.



"Dollars" or "\$" means, unless otherwise qualified, dollars in lawful currency of the United States.

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender or any fund that invests in bank loans and is managed by the same investment advisor as another Lender; and (c) any other Person approved by the Administrative Agent and, unless an Event of Default has occurred and is continuing, the Borrower (such approval not to be unreasonably withheld or delayed by the Borrower or the Administrative Agent); provided, however, that (i) neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee and (ii) neither any Person engaged in the same lines of business as the Borrower or any of its Subsidiaries nor any Affiliate of any such Person shall qualify as an Eligible Assignee.

"Environmental Laws" means any and all federal, state, local and foreign laws, statutes, ordinances, rules, regulations, permits, licenses, approvals, binding interpretations and orders of courts or Governmental Authorities, relating to the protection of human health or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder, each as amended, supplemented or otherwise modified from time to time.

"ERISA Affiliate" means any Person who together with the Borrower is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

"Eurodollar Reserve Percentage" means, for any day, the percentage (expressed as a decimal and rounded upwards, if necessary, to the next higher 1/16th of 1%) which is in effect for such day as prescribed by the Federal Reserve Board (or any successor) for determining the maximum reserve requirement (including without limitation any basic, supplemental or emergency reserves) in respect of eurocurrency liabilities or any similar category of liabilities for a member bank of the Federal Reserve System in New York City and to which the Administrative Agent or any Lender is then subject.

"Event of Default" means any of the events specified in Section 11.1, provided that any requirement for passage of time, giving of notice, or any other condition, has been satisfied.

"Existing Credit Agreement" means the Credit Agreement dated as of March 4, 1994 among the Borrower, the lenders parties thereto, The Chase Manhattan Bank (successor to Chemical Bank), Credit Suisse First Boston (successor to Credit Suisse) and Morgan Guaranty Trust Company as Co-Agents, and Credit Suisse First Boston, as Administrative Agent, as amended and in effect on the Closing Date.

"Extensions of Credit" means, as to any Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Credit Loans made by such Lender then outstanding, (b) such Lender's Three Year Facility Commitment Percentage of the L/C Obligations then outstanding and (c) the aggregate principal amount of all Competitive Bid Loans made by such Lender

then outstanding. "Extension of Credit" means, as to any Lender (a) any component of such Lender's Extensions of Credit or (b) the making of, or participation in, a Loan by such Lender or the issuance or extension of, or participation in, a Letter of Credit by such Lender, as the context may require.

"FDIC" means the Federal Deposit Insurance Corporation, or any successor thereto.

"Federal Funds Rate" means, the rate per annum (rounded upwards, if necessary, to the next higher 1/16th of 1%) representing the daily effective federal funds rate as quoted by the Administrative Agent and confirmed in Federal Reserve Board Statistical Release H.15 (519) or any successor or substitute publication selected by the Administrative Agent. If, for any reason, such rate is not available, then "Federal Funds Rate" shall mean a daily rate which is determined, in the opinion of the Administrative Agent, to be the rate at which federal funds are being offered for sale in the national federal funds market at 9:00 a.m. (Charlotte time). Rates for any weekend day or holiday shall be the same as the rate for the immediately preceding Business Day.

"Financial Letters of Credit" shall mean any Letter of Credit issued to any Person other than an Affiliate of the Borrower to secure the payment by any such Person of its financial obligations, or to provide counter or "back-up" guarantees in support of bank guarantees, letters of credit or other credit facilities afforded to the Borrower or any of its Subsidiaries, or to support local currency borrowings outside the United States.

"Fiscal Year" means the fiscal year of the Borrower ending on December 31 in any year.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than the United States or any State or territory thereof.

"Foreign Pension Plan" shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States of America by the Borrower or any one or more of its Subsidiaries primarily for the benefit of employees of the Borrower or such Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

"Foreign Subsidiary" means each Subsidiary of the Borrower that is not incorporated under the laws of the United States or any State or territory thereof.

"GAAP" means generally accepted accounting principles in the United States, as recognized by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board, consistently applied and maintained on a consistent basis throughout the period indicated, subject to Section 1.4.

"Governmental Approvals" means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities.

"Governmental Authority" means any nation, province, state or political subdivision thereof, and any government or any Person exercising executive,

legislative, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Guaranteed Obligations" means, without duplication, all of the obligations of the Borrower to the Lenders and the Administrative Agent, whenever arising, under this Agreement, the Notes or any other Loan Document (including, but not limited to, obligations with respect to principal, interest and fees).

"Guarantor" means each Subsidiary of the Borrower identified as a "Guarantor" on the signature pages hereto and any Material Domestic Subsidiary that becomes a Guarantor hereunder after the Closing Date by execution of a Guarantor Joinder Agreement pursuant to Section 8.10.

"Guarantor Joinder Agreement" means a Guarantor Joinder Agreement executed by a Guarantor and the Administrative Agent in substantially the form of Exhibit E, as amended, restated, supplemented or otherwise modified.

"Hazardous Materials" means any substances or materials (a) which are or become regulated or defined as hazardous wastes, hazardous substances, pollutants, contaminants, chemical substances or mixtures or toxic substances under any Environmental Law, (b) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to human health or the environment and are or become regulated by any Governmental Authority, (c) the presence of which require investigation or remediation under any Environmental Law, (d) the discharge or emission or release of which requires a permit or license under any Applicable Law or other Governmental Approval, or (e) which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic gas.

"Hedging Agreement" means any agreement with respect to an interest rate swap, collar, cap, floor or forward rate agreement, foreign currency agreement or other agreement executed to protect the Borrower or any Subsidiary against fluctuations in the prices of commodities, and any confirming letter executed pursuant to such hedging agreement, all as amended, restated or otherwise modified from time to time.

"Interest Coverage Ratio" means, as of the last day of any fiscal quarter, the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Expense, in each case for the period of four (4) consecutive fiscal quarters ending as of such day.

"Interest Period" shall have the meaning assigned thereto in Section 4.1.2.

"Investment" in any Person means (a) the acquisition (whether for cash, property, services, assumption of indebtedness, securities or otherwise) of capital stock, bonds, notes, debentures, partnership, joint ventures or other ownership interests or other securities of such Person, (b) any deposit with, or advance, loan or other extension of credit to, such Person (other than deposits made in connection with the purchase of equipment or other assets in the ordinary course of business) or (c) any other capital contribution to or investment in such Person.

"Issuing Lender" means Bank of America in its capacity as issuer of any Letter of Credit, and any other Lender mutually acceptable and on terms satisfactory to the Borrower and the Administrative Agent.

"Labor Laws" shall mean any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments and orders relating to employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, collective bargaining, the payment of social security and similar taxes, occupational safety and health, and plant closing.

"L/C Application" means an application, in the form specified by any Issuing Lender from time to time, requesting such Issuing Lender to issue a Letter of Credit.

"L/C Commitment" means \$100,000,000.

"L/C Facility" means the letter of credit facility established pursuant to Article III hereof.

"L/C Fee" shall have the meaning assigned thereto in Section 3.3.1.

"L/C Obligations" means at any time, an amount equal to the sum of (a) the aggregate undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit which have not then been reimbursed pursuant to Section 3.5.

"L/C Participants" means the collective reference to all the Lenders having a Three Year Facility Commitment other than the applicable Issuing Lender.

"Lease" means a lease, other than a Capital Lease, of real or personal property.

"Lease Rentals" for any period means the sum of the rental and other obligations to be paid by the lessee under a Lease during the remaining term of such Lease (excluding any extension or renewal thereof at the option of the lessor or the lessee unless such option has been exercised), excluding any amount required to be paid by the lessee (whether or not therein designated as rental or additional rental) on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges.

"Lender" means each Person executing this Agreement as a Lender as set forth on the signature pages hereto and each Person that hereafter becomes a party to this Agreement as a Lender pursuant to Section 13.9.2, other than any party hereto that ceases to be a party hereto pursuant to any Assignment and Acceptance.

"Lending Office" means, with respect to any Lender, the office of such Lender maintaining such Lender's Aggregate Revolving Credit Commitment Percentage of the Revolving Credit Loans.

"Letters of Credit" shall have the meaning assigned thereto in Section 3.1.

"Leverage Ratio" shall mean, as of the date of any determination with respect to the Borrower, the ratio of (a) the sum of (i) Consolidated Debt as of

such date, plus (ii) the amount by which (A) the aggregate amount, as of the preceding December 31 (or as of such date if such date is December 31), of Consolidated Lease Rentals under non-cancellable Leases entered into by the Borrower or any of its Subsidiaries, discounted to present value at 10% and net of aggregate minimum non-cancellable sublease rentals, determined on a basis consistent with Note 13 to the Borrower's consolidated financial statements at and for the period ended December 31, 1999, included in the Borrower's 1999 annual report to shareholders, exceeds (B) \$350,000,000, to (b) the sum of (i) the amount determined pursuant to clause (a), plus (ii) Consolidated Net Worth as of such date.

"LIBOR" means, for any Offshore Rate Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/16th of 1%) appearing on Telerate Page 3750 (or any successor or equivalent page) as the London interbank offered rate for deposits in Dollars and in the approximate amount of the Loan to be made or continued as, or converted into, such Offshore Rate Loan at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Telerate Page 3750 the relevant rate shall be the arithmetic mean of all such rates. If for any reason such rate is not available, the term "LIBOR" shall mean, for any Offshore Rate Loan for any Interest Period therefor,

(a) the rate per annum (rounded upwards, if necessary, to the nearest 1/16th of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars and in the approximate amount of the Loan to be made or continued as, or converted into, such Offshore Rate Loan at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the relevant rate shall be the arithmetic mean of all such rates, or

(b) if no rate is available on the Reuters Screen LIBO page, then the rate determined by the Administrative Agent at which Dollars in the approximate amount of the Loan to be made or continued as, or converted into, such Offshore Rate Loan are offered by leading banks in the London interbank market at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of the applicable Interest Period (rounded upwards, if necessary, to the nearest 1/16th of 1%).

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other title retention agreement relating to such asset.

"Loan Documents" means, collectively, this Agreement, the Notes, the L/C Applications, any Guarantor Joinder Agreement and each other document, instrument and agreement executed and delivered by any Credit Party for the benefit of the Administrative Agent or any Lender in connection with this Agreement, all as may be amended, restated or otherwise modified.

"Loans" means the collective reference to the Revolving Credit Loans and the Competitive Bid Loans; "Loan" means any one of such Loans.

"Margin Stock" shall have the meaning given such term under Regulation U.

"Material Adverse Effect" means (a) a material adverse effect on the financial condition or results of operations of the Borrower and its Restricted Subsidiaries taken as a whole that would impair the ability of the Credit Parties to perform their obligations under the Loan Documents or (b) a material adverse effect on the rights or remedies of the Lenders or the Administrative Agent under the Loan Documents.

"Material Domestic Subsidiary" means any Subsidiary of the Borrower which (a) is organized under the laws of the United States, any state thereof or the District of Columbia and (b) together with its Subsidiaries, (i) owns more than twenty percent (20%) of Consolidated Total Assets or (ii) accounts for more than twenty percent (20%) of Consolidated EBITDA.

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

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making, has made, is accruing or has accrued an obligation to make, contributions within the preceding six years.

"Notes" means the collective reference to the Revolving Credit Notes; "Note" means any one of such Notes.

"Notice of Account Designation" shall have the meaning assigned thereto in Section 2.2.2.

"Notice of Conversion/Continuation" shall have the meaning assigned thereto in Section 4.2.

"Notice of Prepayment" shall have the meaning assigned thereto in Section 2.3.3.

"Notice of Revolving Credit Borrowing" shall have the meaning assigned thereto in Section 2.2.1.

"Obligations" means, in each case, whether now in existence or hereafter arising: (a) the principal of and interest on (including interest accruing after the filing of any bankruptcy or similar petition) the Loans, (b) all payment and other obligations owing by the Credit Parties to any Lender or Affiliate of a Lender or the Administrative Agent under any Hedging Agreement with any Lender or Affiliate of a Lender (which Hedging Agreement is permitted hereunder), and (c) all other fees and commissions (including attorney's fees), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties owing by the Credit Parties to the Lenders or the Administrative Agent, of every kind, nature and description, direct or indirect, absolute or contingent, due or to become due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any note, in each case under or in respect of this Agreement, any Note, or any of the other Loan Documents.

"Offshore Rate" means, for any Interest Period, with respect to an Offshore Rate Loan, the rate of interest per annum (rounded upward to the next 1/16th of 1%) determined by the Administrative Agent as follows:

$$\text{Offshore Rate} = \frac{\text{LIBOR}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

The Offshore Rate shall be adjusted automatically as to all Offshore Rate Loans then outstanding as of the effective date of any change in the Eurodollar Reserve Percentage.

"Offshore Rate Loan" means a Revolving Credit Loan bearing interest at a rate based upon the Offshore Rate as provided in Section 4.1.1.

"Operating Lease" shall mean, as to any Person, as determined in accordance with GAAP, any lease of property (whether real, personal or mixed) by such Person as lessee which is not a Capital Lease.

"Other Taxes" shall have the meaning assigned thereto in Section 4.11.2.

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

"Pension Plan" means any employee pension benefit plan (within the meaning of Section 3(2) of ERISA), other than a Multiemployer Plan, which is subject to the provisions of Title IV of ERISA or Section 412 of the Code and is maintained for the employees of the Borrower or any of its ERISA Affiliates.

"Performance Letters of Credit" means any trade or documentary Letter of Credit issued to secure the performance by any Person of its obligations, or to guarantee or otherwise secure any Person's obligations relating to a bid, advance payment or security deposit, retention release, custom and duty deferment guaranty or bond, warranty or performance bond or other guaranty.

"Person" means an individual, corporation, limited liability company, partnership, association, trust, business trust, joint venture, joint stock company, pool, syndicate, sole proprietorship, unincorporated organization, Governmental Authority or any other form of entity or group thereof.

"Pittston Minerals Group" means Pittston Minerals Group, Inc., and its Subsidiaries.

"Prime Rate" means, at any time, the rate of interest per annum established from time to time by Bank of America as its prime rate in effect at its principal office in Charlotte, North Carolina. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in the Prime Rate occurs. The parties hereto acknowledge that the rate established by Bank of America as its Prime Rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

"Prior Bank Commitment" means the Borrower's committed credit facility evidenced by the Existing Credit Agreement.

"Real Property" of any Person means all the right, title and interest of such Person in and to land, improvements and fixtures, including leaseholds.

"Reimbursement Obligation" means the obligation of the Borrower to reimburse each Issuing Lender pursuant to Section 3.5 for amounts drawn under Letters of Credit issued at the request of the Borrower.

"Register" has the meaning assigned thereto in Section 13.9.4.

"Reportable Event" means an event described in Section 4043(c) of ERISA with respect to a Pension Plan that is subject to Title IV of ERISA other than those events as to which the 30-day notice period is waived under subsection .22, .23, .27 or .28 of PBGC Regulation Section 4043.

"Required Lenders" means, at any date, any combination of Lenders whose Aggregate Revolving Credit Commitment Percentage equals more than fifty percent (50%) of the Aggregate Revolving Credit Commitment or, if the Aggregate Revolving Credit Commitment has been terminated, any combination of Lenders who collectively hold more than fifty percent (50%) of the aggregate unpaid principal amount of the Extensions of Credit (excluding the aggregate unpaid principal amount of Competitive Bid Loans); provided that, for purposes of declaring the Loans to be due and payable pursuant to Article XI, and for all purposes after the Loans become due and payable pursuant to Article XI, the outstanding Competitive Bid Loans of the Lenders shall be included in the Lenders' respective Aggregate Revolving Credit Commitment Percentages in determining the Required Lenders.

"Responsible Officer" means any of the following: the chief executive officer or chief financial officer of the Borrower or any other officer of the Borrower proposed by the Borrower and reasonably acceptable to the Administrative Agent.

"Restricted Subsidiary" means:

(i) any Subsidiary of the Borrower at the date of this Agreement other than a Subsidiary designated as an Unrestricted Subsidiary in Schedule 1.1(b);

(ii) any Material Domestic Subsidiary of the Borrower;

(iii) any Subsidiary of the Borrower that is a Guarantor;

(iv) any Subsidiary of the Borrower that owns, directly or indirectly, any of the capital stock of any Guarantor; and

(v) any Person that becomes a Subsidiary of the Borrower after the date hereof unless prior to such Person becoming a Subsidiary the board of directors of the Borrower designates such Subsidiary as an Unrestricted Subsidiary, in each case provided that none of the shares of any Restricted Subsidiary are owned, directly or indirectly, by an Unrestricted Subsidiary.

A Restricted Subsidiary (other than any Subsidiary that is a Guarantor or any Subsidiary that owns, directly or indirectly, any of the capital stock of any



Guarantor) may be designated by the board of directors of the Borrower as an Unrestricted Subsidiary by written notice to the Administrative Agent, but only if (a) the Subsidiary owns no shares of the Borrower or any Restricted Subsidiary and (b) immediately after such designation, the Leverage Ratio is not greater than 0.55 to 1.00 and the Interest Coverage Ratio is at least 3.00 to 1.00. An Unrestricted Subsidiary may be designated by the board of directors of the Borrower as a Restricted Subsidiary by written notice to the Administrative Agent, but only if immediately after such designation (x) the Borrower shall be in compliance with Section 9.2 and (y) the Leverage Ratio is not greater than 0.55 to 1.00 and the Interest Coverage Ratio is at least 3.00 to 1.00.

"Revolving Credit Loan" means any loan (other than a Competitive Bid Loan) made to the Borrower pursuant to Section 2.2 under the 364 Day Facility or the Three Year Facility, and all such loans collectively as the context requires.

"Revolving Credit Notes" means the collective reference to the Revolving Credit Notes made by the Borrower payable to the order of each Lender with a Three Year Facility Commitment or a 364 Day Facility Commitment, substantially in the form of Exhibit A hereto, and any amendments and modifications thereto, any substitutes therefor, and any replacements, restatements, renewals or extensions thereof, in whole or in part; "Revolving Credit Note" means any of such Revolving Credit Notes.

"Sale and Leaseback Transaction" means the sale by the Borrower or a Restricted Subsidiary to any Person (other than any Credit Party) of any property or asset and, as part of the same transaction or series of transactions, the leasing as lessee by the Borrower or any Restricted Subsidiary of the same or another property or asset which it intends to use for substantially the same purpose.

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

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than fifty percent (50%) of the equity or more than fifty percent (50%) of the ordinary voting power or, in the case of a partnership, more than fifty percent (50%) of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless otherwise qualified, references to "Subsidiary" or "Subsidiaries" herein shall refer to those of the Borrower.

"Support Obligation" means, with respect to any Person, at any date without duplication, any Debt of another Person that is guaranteed, directly or indirectly in any manner, by such Person or endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted with recourse by such Person or any Debt of another Person that has the substantially

equivalent or similar economic effect of being guaranteed by such Person or of otherwise making such Person contingently liable therefor, through an agreement or otherwise, including, without limitation, an agreement (i) to purchase, or to advance or supply funds for the payment or purchase of, such Debt, or (ii) to make any loan, advance, capital contribution or other investment in such other Person to assure a minimum equity, asset base, working capital or other balance sheet condition for any date, or to provide funds for the payment of any liability, dividend or stock liquidation payment, or otherwise to supply funds to or in any manner invest in such other Person (unless such investment is expected to constitute a permitted investment under Section 9.10).

"Taxes" shall have the meaning assigned thereto in Section 4.11.1.

"Termination Date" means the 364 Day Facility Termination Date or the Three Year Facility Termination Date, as the context requires.

"Termination Event" means any of the following that result in a Material Adverse Effect: (a) a "Reportable Event" described in Section 4043 of ERISA, or (b) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (c) the termination of a Pension Plan, the filing of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination under Section 4041 of ERISA, or (d) the institution of proceedings to terminate, or to seek the appointment of a trustee with respect to, any Pension Plan by the PBGC, or (e) any other event or condition which would constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan, or (f) the partial or complete withdrawal of the Borrower or any ERISA Affiliate from a Multiemployer Plan, or (g) the imposition of a Lien pursuant to Section 412 of the Code or Section 302 of ERISA, or (h) any event or condition which results in the reorganization or insolvency of a Multiemployer Plan under Sections 4241 or 4245 of ERISA, or (i) any event or condition which results in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA.

"Three Year Facility" means the multi-year revolving credit facility established pursuant to Section 2.1 hereof.

"Three Year Facility Commitment" means (a) as to any Lender, the obligation of such Lender to make Revolving Credit Loans under the Three Year Facility for the account of the Borrower in an aggregate principal amount at any time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 1.1(a) hereto as such amount may be reduced or modified at any time or from time to time pursuant to the terms hereof and (b) as to all Lenders, the aggregate Three Year Facility Commitment of all Lenders to make Revolving Credit Loans under the Three Year Facility, as such amount may be reduced or modified at any time or from time to time pursuant to the terms hereof. The Three Year Facility Commitment of all Lenders on the Closing Date shall be One Hundred Eighty Five Million and No/100s Dollars (\$185,000,000).

"Three Year Facility Commitment Percentage" means, as to any Lender at any time, the ratio of (a) the amount of the Three Year Facility Commitment of such Lender to (b) the aggregate Three Year Facility Commitment of all of the Lenders.

"Three Year Facility Fee" shall have the meaning assigned thereto in Section 4.3.2.

"Three Year Facility Specified Maturity Date" means October 3, 2003.

"Three Year Facility Termination Date" means the earliest of the dates referred to in Section 2.8.2.

"UCC" means, with respect to any Letter of Credit, the Uniform Commercial Code as in effect in the State in which the corporate headquarters of the relevant Issuing Lender is located or such other jurisdiction as is acceptable to the relevant Issuing Lender, as amended, restated or otherwise modified from time to time.

"Unfunded Current Liability" of any Pension Plan means the amount, if any, by which the actuarial present value of the accumulated plan benefits under the Pension Plan as of the close of its most recent year, determined in accordance with actuarial assumptions at such time consistent with Statement of Financial Accounting Standards No 87, exceeds the sum of (a) the market value of the assets allocable thereto and (b) \$5,000,000.

"Uniform Customs" means the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500.

"United States" and "U.S." means the United States of America.

"Unrestricted Subsidiary" means any Subsidiary other than a Restricted Subsidiary.

"Utilization" means, for any day, (a) the aggregate principal amount of all outstanding Loans divided by (b) the Aggregate Revolving Credit Commitment, the result being expressed as a percentage.

"Utilization Fee" means, for any day, a per annum rate equal to the Applicable Percentage for the Utilization on such day.

#### Section 1.2 General.

Unless otherwise specified, a reference in this Agreement to a particular section, subsection, Schedule or Exhibit is a reference to that section, subsection, Schedule or Exhibit of this Agreement. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. Any reference herein to "Charlotte time" or "London time" shall refer to the applicable time of day in Charlotte, North Carolina or London, England, as applicable.

### Section 1.3 Other Definitions and Provisions.

1.3.1 Use of Capitalized Terms. Unless otherwise defined therein, all capitalized terms defined in this Agreement shall have the defined meanings provided herein when used in this Agreement, the Notes and the other Loan Documents or any certificate, report or other document made or delivered pursuant to this Agreement.

1.3.2 Miscellaneous. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

### Section 1.4 Accounting Terms.

Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Administrative Agent or the Lenders hereunder shall be prepared, in accordance with GAAP applied on a consistent basis. All calculations made for the purposes of determining compliance with this Agreement shall (except as otherwise expressly provided herein) be made by application of GAAP applied on a basis consistent with the most recent annual or quarterly financial statements delivered pursuant to Section 7.1 (or, prior to the delivery of the first financial statements pursuant to Section 7.1, consistent with the annual audited financial statements referenced in Section 6.1.7); provided, however, if (a) the Borrower shall object to determining such compliance on such basis at the time of delivery of such financial statements due to any change in GAAP or the rules promulgated with respect thereto or (b) the Administrative Agent or the Required Lenders shall so object in writing within 60 days after delivery of such financial statements, then such calculations shall be made on a basis consistent with the most recent financial statements delivered by the Borrower to the Administrative Agent or the Lenders as to which no such objection shall have been made.

## ARTICLE II

### CREDIT FACILITIES

#### Section 2.1 Amount and Terms of Credit.

2.1.1 Description of Facilities. Upon the terms and subject to the conditions set forth in this Agreement: (i) the Lenders hereby grant to the Borrower a short term revolving credit facility (the "364 Day Facility") and a multi-year revolving credit facility (the "Three Year Facility") pursuant to which each Lender severally agrees to make Revolving Credit Loans to the Borrower in Dollars in accordance with Section 2.2 and (ii) the parties hereto agree that each Lender may, in its sole discretion, make bids to make Competitive Bid Loans to the Borrower in Dollars in accordance with Section 2.5; provided that (A) the aggregate principal amount of all outstanding Revolving Credit Loans (after giving effect to any amount requested) made under the 364 Day Facility shall not exceed the 364 Day Facility Commitment less the aggregate principal amount of all outstanding Competitive Bid Loans made under the 364 Day Facility; and the aggregate principal amount of outstanding Revolving Credit

Loans made under the 364 Day Facility by any Lender shall not at any time exceed such Lender's 364 Day Facility Commitment; and (B) the aggregate principal amount of all outstanding Revolving Credit Loans (after giving effect to any amount requested) made under the Three Year Facility shall not exceed the Three Year Facility Commitment less the sum of (x) all outstanding L/C Obligations plus (y) the aggregate principal amount of all outstanding Competitive Bid Loans made under the Three Year Facility; and the aggregate principal amount of outstanding Revolving Credit Loans made under the Three Year Facility by any Lender shall not at any time exceed such Lender's Three Year Facility Commitment. Each Revolving Credit Loan made by a Lender under the 364 Day Facility or the Three Year Facility shall be in a principal amount equal to such Lender's Commitment Percentage of the aggregate principal amount of Revolving Credit Loans requested under such facility on such occasion. Each Lender severally agrees, and by making any advance hereunder shall be deemed severally to represent, that none of the funds made available by such Lender with respect to any Revolving Credit Loan or any Competitive Bid Loan constitute "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101.

2.1.2 Application of Facilities. The Credit Facility established hereby shall be used by the Borrower and its Restricted Subsidiaries for any lawful purpose, including, without being limited to:

(a) refinance existing Debt of the Borrower and its Subsidiaries, including without limitation, Debt outstanding under the Prior Bank Commitment; and

(b) finance the working capital, capital expenditures, acquisitions permitted under this Agreement and general corporate purposes of the Borrower and its Subsidiaries; provided, however, that no portion of the proceeds of any Loan shall be used to fund any such acquisition unless at such time the board of directors of the subject company shall have either (i) approved such acquisition or recommended it to shareholders or (ii) taken a position that it will neither recommend for or against such acquisition;

and, accordingly, the Borrower shall apply all amounts borrowed by it hereunder in or towards satisfaction of such purposes and neither the Administrative Agent nor any Lender shall be obligated to see to the application thereof.

## Section 2.2 Procedure for Advances of Revolving Credit Loans.

2.2.1 Requests for Revolving Credit Loans. The Borrower shall give the Administrative Agent irrevocable prior written notice in the form attached hereto as Exhibit B (a "Notice of Revolving Credit Borrowing") not later than (i) 11:00 a.m. (Charlotte time) on the same Business Day as each Base Rate Loan and (ii) 12:00 noon (Charlotte time) at least three (3) Business Days before each Offshore Rate Loan, of its intention to borrow, specifying (A) the date of such borrowing, which shall be a Business Day, (B) whether such Revolving Credit Loan is to be made under the 364 Day Facility or the Three Year Facility, (C) the amount of such borrowing, which shall be in an amount equal to the unused amount of the 364 Day Facility Commitment or the Three Year Facility Commitment, as applicable, or if less, (x) with respect to Base Rate Loans, in an aggregate principal amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof, and (y) with respect to Offshore Rate Loans, in an aggregate principal

amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof, (D) whether such Revolving Credit Loan is to be an Offshore Rate Loan or Base Rate Loan, (E) in the case of an Offshore Rate Loan, the duration of the Interest Period applicable thereto and (F) the aggregate principal amount of all Competitive Bid Loans to the Borrower outstanding under the 364 Day Facility and the Three Year Facility. Notices received after 11:00 a.m. (Charlotte time) or 12:00 noon (Charlotte time), as applicable, shall be deemed received on the next Business Day. The Administrative Agent shall promptly notify the Lenders of each Notice of Revolving Credit Borrowing.

2.2.2 Disbursement of Revolving Credit Loans. Each Lender will make available to the Administrative Agent, for the account of the Borrower, at the Administrative Agent's Office in funds immediately available to the Administrative Agent, such Lender's Commitment Percentage of the Revolving Credit Loans to be made on such borrowing date no later than 2:00 p.m. (Charlotte time) on the proposed borrowing date. The Borrower hereby irrevocably authorizes the Administrative Agent to disburse the proceeds of each borrowing requested by the Borrower pursuant to this Section 2.2 in immediately available funds by crediting or wiring such proceeds to the deposit account of the Borrower identified in the most recent notice of account designation, substantially in the form of Exhibit C hereto (a "Notice of Account Designation"), delivered by the Borrower to the Administrative Agent or as may be otherwise agreed upon by the Borrower and the Administrative Agent from time to time. Subject to Section 4.7 hereof, the Administrative Agent shall not be obligated to disburse the portion of the proceeds of any Revolving Credit Loan requested pursuant to this Section 2.2 for which any Lender is responsible to the extent that such Lender has not made available to the Administrative Agent its Commitment Percentage of such Revolving Credit Loan.

### Section 2.3 Repayment of Loans.

2.3.1 Repayment on Termination Date. Subject to the provisions of Section 2.8.3, the Borrower agrees to repay the outstanding principal amount of all Loans made to it under, and its Reimbursement Obligations under, the 364 Day Facility in full on the 364 Day Facility Termination Date, with all accrued but unpaid interest thereon. The Borrower agrees to repay the outstanding principal amount of all Loans made to it under, and its Reimbursement Obligation under, the Three Year Facility in full on the Three Year Facility Termination Date, with all accrued but unpaid interest thereon.

2.3.2 Mandatory Repayment of Loans. If at any time (A) the sum of the outstanding principal amount of all Loans made under the 364 Day Facility exceeds the 364 Day Facility Commitment of all Lenders or (B) the sum of the outstanding principal amount of all Loans made under the Three Year Facility and all outstanding L/C Obligations exceeds the Three Year Facility Commitment of all Lenders, the Borrower agrees to repay immediately upon notice from the Administrative Agent, by payment to the Administrative Agent for the account of the Lenders, Revolving Credit Loans, L/C Obligations or Competitive Bid Loans and/or furnish cash collateral reasonably satisfactory to the Administrative Agent, in an amount equal to such excess. Such cash collateral shall be applied in accordance with Section 11.2.2. Any repayment of such Offshore Rate Loans other than on the last day of the Interest Period applicable thereto shall be accompanied by any amount required to be paid pursuant to Section 4.9 hereof.

2.3.3 Optional Repayments. The Borrower may at any time and from time to time repay the Revolving Credit Loans made to it, in whole or in part, upon at least three (3) Business Days irrevocable notice to the Administrative Agent with respect to Offshore Rate Loans and upon one (1) Business Day irrevocable notice with respect to Base Rate Loans, in the form attached hereto as Exhibit D (a "Notice of Prepayment") specifying the date and amount of repayment; and whether such loans were made under the 364 Day Facility or the Three Year Facility, or a combination thereof, and, if a combination, the amount allocable to each; and whether the repayment is of Offshore Rate Loans, Base Rate Loans, or a combination thereof, and, if of a combination, the amount allocable to each. Upon receipt of such notice, the Administrative Agent shall promptly notify each Lender. If any such notice is given, the amount specified in such notice shall be due and payable on the date set forth in such notice. Partial repayments shall be in an aggregate amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof with respect to Base Rate Loans, and \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof with respect to Offshore Rate Loans.

2.3.4 Limitation on Repayment of Offshore Rate Loans. The Borrower may not repay any Offshore Rate Loan on any day other than on the last day of the Interest Period applicable thereto unless such repayment is accompanied by any amount required to be paid pursuant to Section 4.9 hereof.

2.3.5 Limitation on Repayment of Competitive Bid Loans. The Borrower may not repay any Competitive Bid Loan on any day other than on the last day of the Interest Period applicable thereto except, and on such terms, as agreed to by the Borrower and the Lender which made such Competitive Bid Loan.

#### Section 2.4 Revolving Credit Notes.

Each Lender's Revolving Credit Loans and the obligation of the Borrower to repay such Revolving Credit Loans shall be evidenced by separate Revolving Credit Notes executed by the Borrower payable to the order of such Lender. Each Revolving Credit Note shall be dated the date hereof and shall bear interest on the unpaid principal amount thereof at the applicable interest rate per annum specified in Section 4.1.

#### Section 2.5 Competitive Bid Loans and Procedure.

(a) Subject to the terms and conditions set forth herein, from time to time until the expiration or termination of the Aggregate Revolving Credit Commitment, each Lender may (but shall not have any obligation to) submit Competitive Bids under the 364 Day Facility or the Three Year Facility, and the Borrower may (but shall not have any obligation to) accept Competitive Bids and borrow Competitive Bid Loans, which shall be denominated in Dollars; provided that (i) the sum of the aggregate principal amount of outstanding Revolving Credit Loans made under the 364 Day Facility plus the aggregate principal amount of outstanding Competitive Bid Loans made thereunder shall not at any time exceed the 364 Day Facility Commitment and (ii) the sum of the aggregate principal amount of outstanding Revolving Credit Loans made under the Three Year Facility plus the aggregate principal amount of outstanding Competitive Bid Loans made thereunder shall not at any time exceed the Three Year Facility Commitment less the sum of all outstanding L/C Obligations.

(b) Each Competitive Bid shall be submitted by telecopy or electronic mail to the Borrower or by telephone (promptly confirmed in writing to the Borrower) not later than 10:30 a.m. (Charlotte time) on the proposed date of such borrowing and, unless timely accepted, shall automatically lapse at 11:30 a.m. (Charlotte time) on such date. A Competitive Bid may be for an amount greater than (or less than) such Lender's Commitment. Each Competitive Bid shall be irrevocable and shall specify (i) the principal amount (which shall be a minimum of \$1,000,000 and an integral multiple of \$100,000 in excess thereof) of the Competitive Bid Loan or Loans that the applicable Lender is willing to make, (ii) the Competitive Bid Rate or Rates at which such Lender is prepared to make such Loan or Loans (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) and (iii) the Interest Period applicable to each such Loan and the last day thereof. The Borrower may accept or reject any Competitive Bid; provided that the Borrower shall not accept a Competitive Bid made at a particular Competitive Bid Rate if the Borrower rejects a Competitive Bid made at a lower Competitive Bid Rate.

(c) The provisions of the preceding paragraph notwithstanding, if Competitive Bids were made by Lenders on a Business Day with respect to a particular Interest Period and such bids lapsed at 11:30 a.m. (Charlotte time) on such Business Day pursuant to the preceding paragraph, the Borrower may, in its sole and absolute discretion, subject only to the provisions of this paragraph, contact one or more of such Lenders, by telephone, telecopy or email, prior to 3:00 p.m. (Charlotte time) on such Business Day to request that such Lenders reinstate such Competitive Bids for such Interest Period or provide new Competitive Bids for such Interest Period on such Business Day. Each Competitive Bid so reinstated shall be submitted by telecopy or electronic mail to the Borrower or by telephone (promptly confirmed in writing to the Borrower) on the proposed date of such borrowing. Notwithstanding anything to the contrary in any Competitive Bid reinstated or submitted pursuant to this paragraph each such Competitive Bid shall be irrevocable in respect of the date on which it is to be reinstated or submitted and shall automatically expire at the earlier of (a) 3:00 p.m. (Charlotte time) on the date submitted and (b) one hour after such Competitive Bid is received by the Borrower.

(d) The Borrower may, in its sole and absolute discretion, subject only to the provisions of this paragraph accept any Competitive Bid submitted under this Section by notifying the Lender submitting such Competitive Bid by telephone, telecopy or email not later than the expiration time of such bid, which acceptance notice shall be further confirmed to such Lender and to the Administrative Agent in writing by telecopy or email not later than the close of business on the date of acceptance, indicating the Interest Period and the agreed interest rate on and principal amount of the Competitive Bid Loan to be made by such Lender on such Business Day. A notice given by the Borrower pursuant to this paragraph shall be irrevocable.

(e) Not later than 5:00 p.m. (Charlotte time) on the proposed borrowing date, each Lender whose Competitive Bid has been accepted will disburse its Competitive Bid Loan in immediately available funds by crediting or wiring such proceeds to the deposit account of the Borrower identified in its most recent Notice of Account Designation. Each such Lender shall furnish account wiring instructions to the Borrower for the payment of principal and interest.



(f) At the written request of any Lender, the Borrower shall disclose to the Administrative Agent the Competitive Bids received and accepted by the Borrower on any date specified in such request, provided that such date is not more than 30 days prior to the date on which such request is received by the Borrower.

(g) While any Competitive Bid Loan made under the 364 Day Facility is outstanding, the 364 Day Facility Commitment of each Lender shall be deemed used for all purposes by an amount equal to its pro rata share (based on its respective 364 Day Facility Commitment Percentage) of the principal amount of such Competitive Bid Loan.

(h) While any Competitive Bid Loan made under the Three Year Facility is outstanding, the Three Year Facility Commitment of each Lender shall be deemed used for all purposes by an amount equal to its pro rata share (based on its respective Three Year Facility Commitment Percentage) of the principal amount of such Competitive Bid Loan.

(i) (i) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Competitive Bid Loan made by such Lender to the Borrower from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(ii) The entries maintained in the accounts maintained pursuant to paragraph (i) shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; provided, however, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(iii) The Competitive Bid Loans made by each Lender shall be evidenced by such Lender's respective Revolving Credit Notes.

(j) Unless such Competitive Bid Loan is renewed at the Lender's option upon request of the Borrower, the Borrower shall repay the outstanding principal amount of each Competitive Bid Loan made to it in full on the last day of the Interest Period applicable thereto, with all accrued but unpaid interest thereon. Competitive Bid Loans may not be repaid prior to the last day of the applicable Interest Period except in accordance with Sections 2.3.2 and 2.3.5.

Section 2.6 Intentionally Omitted.

Section 2.7 Commitment Reductions and Increases.

2.7.1 Voluntary Reduction. The Borrower shall have the right at any time and from time to time, upon at least three (3) Business Days' prior written notice to the Administrative Agent, to permanently reduce (except as provided below), without premium or penalty, (i) (A) the entire 364 Day Facility

Commitment at any time or (B) portions of the 364 Day Facility Commitment from time to time in an aggregate principal amount not less than \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof or (ii) (A) the entire Three Year Facility Commitment at any time or (B) portions of the Three Year Facility Commitment from time to time, in an aggregate principal amount not less than \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof.

#### 2.7.2 Payments Related to a Voluntary Reduction.

(a) Each permanent reduction of the 364 Day Facility Commitment made pursuant to this Section 2.7 shall be accompanied, if necessary, by a payment of principal sufficient to reduce the aggregate outstanding Revolving Credit Loans made under the 364 Day Facility to the amount of the new 364 Day Facility Commitment after such reduction to the 364 Day Facility Commitment. Any reduction of the 364 Day Facility Commitment to zero (including upon termination of the 364 Day Facility on the 364 Day Facility Termination Date) shall be accompanied by payment of all outstanding Revolving Credit Loans made under the 364 Day Facility and shall result in the termination of the 364 Day Facility Commitment and the 364 Day Facility. If any reduction of the 364 Day Facility Commitment requires the repayment of any Offshore Rate Loan, such repayment shall be accompanied by any amount required to be paid pursuant to Section 4.9 hereof. Notwithstanding anything herein to the contrary, the 364 Day Facility Commitment may not be permanently reduced by an amount such that the 364 Day Facility Commitment (after giving effect thereto) would be less than the aggregate amount of all unpaid principal of and interest (for the applicable Interest Periods) on outstanding Competitive Bid Loans made under the 364 Day Facility.

(b) Each permanent reduction of the Three Year Facility Commitment made pursuant to this Section 2.7 shall be accompanied, if necessary, by a payment of principal sufficient to reduce (or cash collateralize) the aggregate outstanding Revolving Credit Loans made under the Three Year Facility and L/C Obligations, as applicable, to the amount of the new Three Year Facility Commitment after such reduction to the Three Year Facility Commitment and, if the Three Year Facility Commitment as so reduced is less than the aggregate amount of all outstanding Letters of Credit, the Borrower shall be required to deposit in a cash collateral account opened by the Administrative Agent an amount equal to the amount by which the aggregate then undrawn and unexpired amount of such Letters of Credit exceeds the Three Year Facility Commitment as so reduced. Such cash collateral shall be applied in accordance with Section 11.2.2. Any reduction of the Three Year Facility Commitment to zero (including upon termination of the Three Year Facility on the Three Year Facility Termination Date) shall be accompanied by payment of all outstanding Revolving Credit Loans made under the Three Year Facility (and furnishing of cash collateral satisfactory to the Administrative Agent for all L/C Obligations) and shall result in the termination of the Three Year Facility Commitment and the Three Year Facility. If any reduction of the Three Year Facility Commitment requires the repayment of any Offshore Rate Loan, such repayment shall be accompanied by any amount required to be paid pursuant to Section 4.9 hereof. Notwithstanding anything herein to the contrary, the Three Year Facility Commitment may not be permanently reduced by an amount such that the Three Year Facility Commitment (after

giving effect thereto) would be less than the aggregate amount of all unpaid principal of and interest (for the applicable Interest Periods) on outstanding Competitive Bid Loans made under the Three Year Facility.

2.7.3 Commitment Increases. Subject to the terms and conditions set forth herein, upon 30 days' advance written notice to the Administrative Agent, the Borrower shall have the right, at any time and from time to time from the Closing Date until the termination of the Aggregate Revolving Credit Commitment (but no more than once in any twelve-month period) to increase the 364 Day Facility Commitment and the Three Year Facility Commitment by an aggregate amount of up to \$100,000,000; provided that (i) any such increase shall be allocated pro rata between the Three Year Facility Commitment and the 364 Day Facility Commitment and (ii) any such increase shall be in a minimum principal amount of \$15,000,000 and an integral multiple of \$5,000,000 in excess thereof. An increase in the 364 Day Facility Commitment and the Three Year Facility Commitment hereunder shall be subject to satisfaction of the following: (A) the amount of such increase shall be offered first to the existing Lenders, (B) each existing Lender shall have the right, but not the obligation, to commit to all or a portion of such proposed increase to the 364 Day Facility Commitment and the Three Year Facility Commitment on a pro rata basis (based on its then existing Commitments), (C) in the event the additional commitments which existing Lenders are willing to take shall exceed the amount requested by the Borrower, then the additional commitments shall be allocated in proportion to the commitments of existing Lenders willing to take additional commitments and (D) if the amount of the additional commitments requested by the Borrower shall exceed the additional commitments which the existing Lenders are willing to take, then the Borrower may invite commercial banks and other financial institutions reasonably acceptable to the Administrative Agent to join this Agreement as Lenders hereunder for the portion of the additional commitments not taken by existing Lenders, provided that such institutions shall enter into such joinder agreements to give effect thereto as the Administrative Agent and/or the Borrower may reasonably request. In connection with any increase in, or new, Commitments pursuant to this Section, Schedule 1.1(a) hereto shall be revised to reflect the modified commitment percentages and commitments of the Lenders and any new Lenders.

#### Section 2.8 Termination; Extension Options.

2.8.1 Termination of 364 Day Facility. The 364 Day Facility shall terminate on the earliest of (a) the 364 Day Facility Specified Maturity Date, (b) the date of termination of the 364 Day Facility Commitment by the Borrower pursuant to Section 2.7.1, and (c) the date of termination of the 364 Day Facility by the Administrative Agent on behalf of the Lenders pursuant to Section 11.2.1.

2.8.2 Termination of Three Year Facility. The Three Year Facility shall terminate on the earliest of (a) the Three Year Facility Specified Maturity Date, (b) the date of termination of the Three Year Facility Commitment by the Borrower pursuant to Section 2.7.1, and (c) the date of termination of the Three Year Facility by the Administrative Agent on behalf of the Lenders pursuant to Section 11.2.1.

2.8.3 364 Day Facility Extension Option. Not earlier than the date sixty (60) days prior to, nor later than thirty (30) days prior to, the 364 Day Facility Specified Maturity Date then in effect, the Borrower may deliver to the

Administrative Agent (which shall promptly transmit to each Lender) a notice requesting that the 364 Day Facility Specified Maturity Date be extended for an additional 364 day period. Within fifteen (15) days after its receipt of any such notice, each Lender shall notify the Administrative Agent of its willingness or unwillingness to so extend its 364 Day Commitment. Any Lender that shall fail to so notify the Administrative Agent within such period shall be deemed to have declined to extend its 364 Day Facility Commitment. If Lenders holding a majority (I.E., greater than 50%) in amount of the aggregate 364 Day Facility Commitment (as of the date such 15-day notice period expires) agree to extend their 364 Day Facility Commitments, the Administrative Agent shall so notify the Borrower and each Lender which shall have so consented to such request, whereupon (i) the respective 364 Day Facility Commitments of such consenting Lenders shall without further act be extended for an additional 364 day period, (ii) the term "364 Day Facility Specified Maturity Date" shall thenceforth mean, as to the Loans of such consenting Lenders under the 364 Day Facility, the last day of such additional 364 day period and (iii) the 364 Day Facility Commitments of the non-extending Lenders shall terminate on the 364 Day Facility Specified Maturity Date in effect prior to such extension and the Loans and other amounts owed to such Lenders shall become due and payable on such date. If Lenders holding a majority (I.E., greater than 50%) in amount of the aggregate 364 Day Facility Commitment (as of the date such 15-day notice period expires) shall not have agreed to extend their 364 Day Facility Commitments, then none of the 364 Day Facility Commitments shall be extended and the 364 Day Facility Specified Maturity Date shall remain unchanged.

### ARTICLE III

#### LETTER OF CREDIT FACILITY

##### Section 3.1 L/C Commitment.

Subject to the terms and conditions hereof, each Issuing Lender, in reliance on the agreements of the other Lenders set forth in Section 3.4.1, agrees to issue letters of credit ("Letters of Credit") for the account of the Borrower on any Business Day from the Closing Date to but not including the Three Year Facility Termination Date in such form as may be requested by the Borrower and approved from time to time by such Issuing Lender; provided, that no Issuing Lender shall have any obligation to issue any Letter of Credit if, after giving effect to such issuance, (a) the L/C Obligations would exceed the L/C Commitment or (b) the sum of (i) the aggregate principal amount of outstanding Revolving Credit Loans made under the Three Year Facility, (ii) the aggregate principal amount of L/C Obligations and (iii) the aggregate principal amount of Competitive Bid Loans made under the Three Year Facility, would exceed the Three Year Facility Commitment. Each Letter of Credit shall (A) be denominated in Dollars, (B) be a letter of credit issued to support obligations of the Borrower or any of its Restricted Subsidiaries, contingent or otherwise, (C) expire on a date not later than one year after the date of issuance thereof and not later than the Three Year Facility Specified Maturity, and (D) be subject to the Uniform Customs and, to the extent not inconsistent therewith, the laws of the State in which the corporate headquarters of the relevant Issuing Lender is located or such other jurisdiction as is acceptable to the relevant Issuing Lender. No Issuing Lender shall at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause such Issuing Lender or any L/C Participant to exceed any limits imposed

by, any Applicable Law. References herein to "issue" and derivations thereof with respect to Letters of Credit shall also include extensions or modifications of any existing Letters of Credit, unless the context otherwise requires.

### Section 3.2 Procedure for Issuance of Letters of Credit.

The Borrower may from time to time request that any Issuing Lender issue a Letter of Credit (or amend, extend or renew an outstanding Letter of Credit) by delivering to such Issuing Lender at any address mutually acceptable to the Borrower and such Issuing Lender an L/C Application therefor, completed to the satisfaction of such Issuing Lender, and such other certificates, documents and other papers and information as such Issuing Lender may reasonably request. The L/C Application will contain a representation and warranty that the conditions specified in Section 5.3 hereof have been satisfied or waived in writing by the Administrative Agent as of the date of the L/C Application. The L/C Application will also state the aggregate principal amount of all Competitive Bid Loans outstanding under the 364 Day Facility and the Three Year Facility. Upon receipt of any L/C Application, such Issuing Lender shall process such L/C Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall, subject to Section 3.1, this Section 3.2 and Article V hereof, promptly issue the Letter of Credit (or amend, extend or renew the outstanding Letter of Credit) requested thereby (but in no event shall any Issuing Lender be required to issue any Letter of Credit (or amend, extend or renew an outstanding Letter of Credit) earlier than three (3) Business Days after its receipt of the L/C Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by such Issuing Lender and the Borrower. Within fifteen (15) Business Days after the end of each calendar quarter, each Issuing Lender (or the Administrative Agent if the Administrative Agent agrees to undertake such action) shall report to each Lender all Letters of Credit issued by it during the previous calendar quarter and the average daily undrawn and unexpired amounts for all Letters of Credit for each day in such calendar quarter.

### Section 3.3 Fees and Other Charges.

3.3.1 The Borrower agrees to pay to the Administrative Agent, for the account of each Issuing Lender and the L/C Participants, a letter of credit fee (the "L/C Fee") with respect to each Letter of Credit issued by such Issuing Lender in an amount determined as follows:

(a) as to Performance Letters of Credit, the average daily undrawn amount of such issued Letters of Credit as reported by such Issuing Lender (or the Administrative Agent) pursuant to Section 3.2 times 50% of the Applicable Percentage for Offshore Rate Loans then in effect as to the Three Year Facility; and

(b) as to Financial Letters of Credit, the average daily undrawn amount of such issued Letters of Credit as reported by such Issuing Lender (or the Administrative Agent) pursuant to Section 3.2 times the Applicable Percentage for Offshore Rate Loans then in effect as to the Three Year Facility.

The L/C Fee shall be payable quarterly in arrears on the last Business Day of each calendar quarter, commencing on the first of such dates to occur after the Closing Date, and on the Three Year Facility Termination Date.

3.3.2 The Administrative Agent shall, promptly following its receipt thereof, distribute to each Issuing Lender and the L/C Participants the L/C Fees received by the Administrative Agent in accordance with their respective Three Year Facility Commitment Percentages.

3.3.3 In addition to the L/C Fee, the Borrower agrees to pay to the relevant Issuing Lender that has issued a Letter of Credit at the request of the Borrower, for such Issuing Lender's own account without sharing by the other Lenders, (i) a fronting fee of 0.125% per annum based on the aggregate stated amount of such Letter of Credit for the stated duration thereof, and (ii) customary charges of such Issuing Lender with respect to the issuance, amendment, transfer, administration, cancellation and conversion of, and drawings under, such Letters of Credit.

#### Section 3.4 L/C Participations.

3.4.1 Each Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce such Issuing Lender to issue Letters of Credit hereunder, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from such Issuing Lender, on the terms and conditions hereinafter stated, for such L/C Participant's own account and risk, an undivided interest equal to such L/C Participant's Three Year Facility Commitment Percentage in such Issuing Lender's obligations and rights under each Letter of Credit issued hereunder and the amount of each draft paid by such Issuing Lender thereunder. Each L/C Participant unconditionally and irrevocably agrees with each Issuing Lender that, if a draft is paid under any Letter of Credit for which such Issuing Lender is not reimbursed in full by the Borrower in accordance with the terms of this Agreement, such L/C Participant shall pay to such Issuing Lender upon demand at such Issuing Lender's address for notices specified herein an amount equal to such L/C Participant's Three Year Facility Commitment Percentage of the amount of such draft, or any part thereof, which is not so reimbursed.

3.4.2 Upon becoming aware of any amount required to be paid by any L/C Participant to any Issuing Lender pursuant to Section 3.4.1 in respect of any unreimbursed portion of any payment made by such Issuing Lender under any Letter of Credit, the Administrative Agent shall notify each L/C Participant of the amount and due date of such required payment and such L/C Participant shall pay to such Issuing Lender the amount specified on the applicable due date. If any such amount is paid to such Issuing Lender after the date such payment is due, such L/C Participant shall pay to such Issuing Lender on demand, in addition to such amount, the product of (i) such amount, times (ii) the daily average Federal Funds Rate as determined by the Administrative Agent during the period from and including the date such payment is due to the date on which such payment is immediately available to such Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. A certificate of any Issuing Lender with

respect to any amounts owing under this Section 3.4.2 shall be conclusive in the absence of manifest error. With respect to payment to any Issuing Lender of the unreimbursed amounts described in this Section 3.4.2, if the L/C Participants receive notice that any such payment is due (A) prior to 1:00 p.m. (Charlotte time) on any Business Day, such payment shall be due that Business Day, and (B) after 1:00 p.m. (Charlotte time) on any Business Day, such payment shall be due on the following Business Day.

3.4.3 Whenever, at any time after any Issuing Lender has made payment under any Letter of Credit and has received from any L/C Participant the Three Year Facility Commitment Percentage of such payment in accordance with this Section 3.4, such Issuing Lender receives any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, or any payment of interest on account thereof), such Issuing Lender will distribute to such L/C Participant its pro rata share thereof in accordance with such L/C Participant's Three Year Facility Commitment Percentage; provided, that in the event that any such payment received by such Issuing Lender shall be required to be returned by such Issuing Lender, such L/C Participant shall return to such Issuing Lender the portion thereof previously distributed by such Issuing Lender to it.

#### Section 3.5 Reimbursement Obligation of the Borrower.

The Borrower agrees to reimburse each Issuing Lender on each date such Issuing Lender or the Administrative Agent notifies the Borrower of the date and amount of a draft paid under any Letter of Credit requested by the Borrower for the amount of (i) such draft so paid and (ii) any taxes, fees, charges or other costs or expenses incurred by any Issuing Lender in connection with such payment. Each such payment shall be made to the appropriate Issuing Lender at its address for notices specified herein in Dollars and in immediately available funds. Interest shall be payable on any and all amounts remaining unpaid by the Borrower under this Article III from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until payment in full at the rate which would be payable on any outstanding Base Rate Loans which were then overdue. If the Borrower fails to timely reimburse such Issuing Lender on the date the Borrower receives the notice referred to in this Section 3.5, the Borrower shall be deemed to have timely given a Notice of Revolving Credit Borrowing pursuant to Section 2.2 hereunder to the Administrative Agent requesting the Lenders to make a Base Rate Loan under the Three Year Facility on such date in an amount equal to the amount of such draft paid, together with any taxes, fees, charges or other costs or expenses incurred by any Issuing Lender and to be reimbursed pursuant to this Section 3.5 and, regardless of whether or not the conditions precedent specified in Article V have been satisfied, the Lenders shall make Base Rate Loans in such amount, the proceeds of which shall be applied to reimburse such Issuing Lender for the amount of the related drawing and costs and expenses. Notwithstanding the foregoing, nothing in this Section 3.5 shall obligate the Lenders to make such Base Rate Loans if the making of such Base Rate Loans would violate the automatic stay under federal bankruptcy laws.

#### Section 3.6 Obligations Absolute.

The Borrower's obligations under this Article III (including without limitation the Reimbursement Obligation) shall be absolute and unconditional

under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which the Borrower may have or have had against any Issuing Lender or any beneficiary of a Letter of Credit. The Borrower also agrees with each Issuing Lender that no Issuing Lender shall be responsible for, and the Borrower's Reimbursement Obligation under Section 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. No Issuing Lender shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions caused by such Issuing Lender's gross negligence or willful misconduct. The Borrower agrees that any action taken or omitted by any Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct and in accordance with the standards of care specified in the Uniform Customs and, to the extent not inconsistent therewith, the UCC, shall be binding on the Borrower and shall not result in any liability of such Issuing Lender to the Borrower. The responsibility of each Issuing Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are in conformity with such Letter of Credit.

#### Section 3.7 Effect of L/C Application.

To the extent that any provision of any L/C Application related to any Letter of Credit is inconsistent with the provisions of this Article III, the provisions of this Article III shall apply.

### ARTICLE IV

#### GENERAL LOAN PROVISIONS

#### Section 4.1 Interest and Utilization Fee.

4.1.1 Interest Rate Options. Subject to the provisions of this Section 4.1, at the election of the Borrower, the aggregate principal balance of any Revolving Credit Loans shall bear interest at (i) the Base Rate or (ii) the Offshore Rate plus the Applicable Percentage for Offshore Rate Loans under the 364 Day Facility or the Three Year Facility, as applicable; provided that such interest rate shall be increased by any amount required pursuant to Section 4.1.6. The Borrower shall select the rate of interest and Interest Period, if any, applicable to any Revolving Credit Loan at the time a Notice of Revolving Credit Borrowing is given pursuant to Section 2.2 or at the time a Notice of Conversion/Continuation is given pursuant to Section 4.2. Each Revolving Credit Loan or portion thereof bearing interest based on the Base Rate shall be a "Base Rate Loan," and each Revolving Credit Loan or portion thereof bearing interest based on the Offshore Rate shall be an "Offshore Rate Loan." Any Revolving Credit Loan or any portion thereof as to which the Borrower has not duly specified an interest rate as provided herein shall be deemed a Base Rate Loan.



A Competitive Bid Loan will bear interest at the Competitive Bid Rate specified in the Competitive Bid accepted by the Borrower with respect to such Competitive Bid Loan.

4.1.2 Interest Periods. In connection with each Offshore Rate Loan and each Competitive Bid Loan, the Borrower, by giving notice at the times described in Section 4.1.1, shall elect an interest period (each, an "Interest Period") to be applicable to such Revolving Credit Loan or such Competitive Bid Loan, which Interest Period shall, unless otherwise agreed by the Administrative Agent and the Lenders, be a period of one (1), two (2), three (3), six (6) or, if available to all the Lenders, nine (9) or twelve (12), months with respect to each Offshore Rate Loan and a period of one (1) day to one hundred eighty-three (183) days with respect to each Competitive Bid Loan; provided that:

(a) the Interest Period shall commence on the date of advance of or conversion to any Offshore Rate Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the next preceding Interest Period expires;

(b) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided, that if any Interest Period with respect to an Offshore Rate Loan would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(c) any Interest Period with respect to an Offshore Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month at the end of such Interest Period;

(d) no Interest Period shall extend beyond the Termination Date of the facility under which the Offshore Rate Loan or Competitive Bid Loan with respect to which such Interest Period relates was made; and

(e) there shall be no more than nine (9) Offshore Rate Loans outstanding hereunder at any time (it being understood that, for purposes hereof, Offshore Rate Loans with different Interest Periods shall be considered as separate Offshore Rate Loans, even if they begin on the same date, although borrowings, extensions and conversions may, in accordance with the provisions hereof, be combined by the Borrower at the end of existing Interest Periods to constitute a new Offshore Rate Loan with a single Interest Period).

4.1.3 Default Rate. Subject to Section 11.3, unless otherwise agreed by the Administrative Agent and the Required Lenders, upon the occurrence and during the continuance of an Event of Default, (a) the Borrower shall no longer have the option to request Offshore Rate Loans, (b) all outstanding Offshore Rate Loans shall bear interest at a rate per annum equal to two percent (2%) in

excess of the rate then applicable to such Offshore Rate Loans until the end of the applicable Interest Period and thereafter at a rate per annum equal to two percent (2%) in excess of the rate then applicable to Base Rate Loans, (c) all outstanding Base Rate Loans shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate then applicable to Base Rate Loans and (iv) each outstanding Competitive Bid Loan shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate then applicable to such Competitive Bid Loan. Interest shall continue to accrue on the amount of Loans outstanding after the filing by or against the Borrower of any petition seeking any relief in bankruptcy or under any act or law pertaining to insolvency or debtor relief, whether state, federal or foreign.

4.1.4 Interest Payment and Computation. Interest on each Base Rate Loan shall be payable in arrears on the last Business Day of each calendar quarter commencing on the first of such dates to occur after the Closing Date, and interest on each Offshore Rate Loan and each Competitive Bid Loan shall be payable on the last day of each Interest Period applicable thereto, and if such Interest Period exceeds three (3) months, at the end of each three (3) month interval during such Interest Period. Interest on all Loans and all fees payable hereunder shall be computed on the basis of a 360-day year and assessed for the actual number of days elapsed; provided that interest on Loans bearing interest at a rate based upon the Prime Rate shall be computed on the basis of a 365- or 366-day year, as applicable.

4.1.5 Maximum Rate. In no contingency or event whatsoever shall the aggregate of all amounts deemed interest hereunder or under any of the Notes charged or collected pursuant to the terms of this Agreement or pursuant to any of the Notes exceed the highest rate permissible under any Applicable Law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such a court determines that the Lenders have charged or received interest hereunder in excess of the highest applicable rate, the rate in effect hereunder shall automatically be reduced to the maximum rate permitted by Applicable Law and the Lenders shall at the Borrower's option (or if an Event of Default has occurred and is then continuing, at the Administrative Agent's option), (i) promptly refund to the Borrower any interest received by Lenders in excess of the maximum lawful rate or (ii) apply such excess to the principal balance of the Obligations. It is the intent hereof that the Borrower not pay or contract to pay, and that neither the Administrative Agent nor any Lender receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be paid by the Borrower under Applicable Law.

4.1.6 Utilization Fee. In the case of all Loans, on each day that Utilization is greater than 50%, the otherwise applicable interest rate determined pursuant to Section 4.1.1 shall be increased by the Applicable Percentage for Utilization Fee.

#### Section 4.2 Conversion and Continuation of Revolving Credit Loans.

Provided that no Default or Event of Default has occurred and is then continuing, and subject to the terms of this Agreement, the Borrower shall have the option (a) to convert all or any portion of its outstanding Base Rate Loans in a principal amount equal to \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof into one or more Offshore Rate Loans and (b)(i) to convert all or any part of its outstanding Offshore Rate Loans in a principal amount equal to \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof

into Base Rate Loans or (ii) to continue Offshore Rate Loans as Offshore Rate Loans for an additional Interest Period; provided that if any conversion or continuation is made prior to the expiration of any Interest Period, the Borrower shall pay any amount required to be paid pursuant to Section 4.9 hereof. Whenever the Borrower desires to convert or continue Revolving Credit Loans as provided above, the Borrower shall give the Administrative Agent irrevocable prior written notice in the form attached as Exhibit F (a "Notice of Conversion/Continuation") not later than 12:00 noon (Charlotte time) three (3) Business Days before the day on which a proposed conversion or continuation of such Revolving Credit Loan is to be effective (except in the case of a conversion of an Offshore Rate Loan to a Base Rate Loan, in which case same day notice not later than 11:00 a.m. (Charlotte time) by the Borrower shall be sufficient) specifying (A) the Revolving Credit Loans to be converted or continued, the facility under which such Loans were made and, in the case of any Offshore Rate Loan to be converted or continued, the last day of the Interest Period therefor, (B) the effective date of such conversion or continuation (which shall be a Business Day), (C) the principal amount of such Revolving Credit Loans to be converted or continued and (D) the Interest Period to be applicable to such converted or continued Offshore Rate Loan. The Administrative Agent shall promptly notify the Lenders of such Notice of Conversion/Continuation.

#### Section 4.3 Facility Fees.

4.3.1 364 Day Facility. The Borrower agrees to pay to the Administrative Agent, for the account of the Lenders, a non-refundable facility fee (the "364 Day Facility Fee") at a rate per annum equal to the Applicable Percentage for Facility Fee for the 364 Day Facility on the average daily amount of the aggregate 364 Day Facility Commitment during the applicable period, regardless of usage. The 364 Day Facility Fee shall apply to the period commencing on the Closing Date and ending on the termination of the 364 Day Facility Commitment and shall be payable in arrears on the last Business Day of each calendar quarter for the immediately preceding calendar quarter (or portion thereof), beginning with the first such date to occur after the Closing Date. Such 364 Day Facility Fee shall be distributed by the Administrative Agent to the Lenders pro rata in accordance with the Lenders' respective 364 Day Facility Commitment Percentages.

4.3.2 Three Year Facility. The Borrower agrees to pay to the Administrative Agent, for the account of the Lenders, a non-refundable facility fee (the "Three Year Facility Fee") at a rate per annum equal to the Applicable Percentage for Facility Fee for the Three Year Facility on the average daily amount of the aggregate Three Year Facility Commitment during the applicable period, regardless of usage. The Three Year Facility Fee shall apply to the period commencing on the Closing Date and ending on the termination of the Three Year Facility Commitment and shall be payable in arrears on the last Business Day of each calendar quarter for the immediately preceding calendar quarter (or portion thereof), beginning with the first such date to occur after the Closing Date. Such Three Year Facility Fee shall be distributed by the Administrative Agent to the Lenders pro rata in accordance with the Lenders' respective Three Year Facility Commitment Percentages.

#### Section 4.4 Manner of Payment.

Each payment by any Credit Party on account of the principal of or interest on the Loans or of any fee, commission or other amounts (including the Reimbursement Obligation) payable to the Lenders under this Agreement or any Note shall be made on the date specified for payment under this Agreement to the Administrative Agent at the Administrative Agent's Office for the account of the Lenders (other than as set forth below), in Dollars, in immediately available funds and shall be made without any set-off, counterclaim or deduction whatsoever. Such payments shall be made no later than 3:00 p.m. (Charlotte time) on the relevant date. Any payment received after 3:00 p.m. (Charlotte time) shall be deemed to have been made on the next succeeding Business Day for all purposes. Each payment to the Administrative Agent of the L/C Fees shall be made in like manner, but for the account of the Issuing Lenders and the L/C Participants. Each payment to the Administrative Agent of Administrative Agent's fees or expenses shall be made for the account of the Administrative Agent and any amount payable to any Lender under Section 4.8, 4.9, 4.10, 4.11 or 13.2 shall be paid to the Administrative Agent for the account of the applicable Lender. The Administrative Agent shall distribute any such payments received by it for the account of any other Lender to such Lender promptly following receipt thereof and shall wire advice of the amount of such credit to such Lender. Subject to Section 4.1.2(b), if any payment under this Agreement or any Note shall be specified to be made upon a day which is not a Business Day, it shall be made on the next succeeding day which is a Business Day and such extension of time shall in such case be included in computing any interest if payable along with such payment.

#### Section 4.5 Crediting of Payments and Proceeds.

In the event that any Credit Party shall fail to pay any of the Obligations when due and the Obligations have been accelerated pursuant to Section 11.2, all payments received by the Lenders upon the Notes and the other Obligations and all net proceeds from the enforcement of the Obligations shall be applied first to all expenses then due and payable by the Credit Parties hereunder, then to all indemnity obligations then due and payable by the Credit Parties hereunder, then to all Administrative Agent's fees then due and payable, then to all commitment and other fees and commissions then due and payable, then to accrued and unpaid interest on the Notes, the Reimbursement Obligations and any termination payments due in respect of a Hedging Agreement with any Lender or Affiliate of a Lender (which Hedging Agreement is permitted hereunder) (pro rata in accordance with all such amounts due), then to the principal amount of the Notes and Reimbursement Obligations (pro rata in accordance with all such amounts due) and then to the cash collateral account described in Section 11.2.2 hereof to the extent of any L/C Obligations then outstanding, in that order.

#### Section 4.6 Adjustments.

If any Lender (a "Benefited Lender") shall at any time receive any payment of all or part of the Obligations owing to it, or interest thereon, or if any Lender shall at any time receive any collateral in respect to the Obligations owing to it (whether voluntarily or involuntarily, by set-off or otherwise) in a greater proportion than any such payment to and collateral received by any other Lender, if any, in respect of the Obligations owing to

such other Lender, or interest thereon, such Benefited Lender shall purchase for cash from the other Lenders such portion of each such other Lender's Extensions of Credit, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned to the extent of such recovery, but without interest. The Borrower agrees that each Lender so purchasing a portion of another Lender's Extensions of Credit may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion.

Section 4.7 Nature of Obligations of Lenders Regarding Extensions of Credit; Assumption by the Administrative Agent.

The obligations of the Lenders under this Agreement to make the Loans and issue or participate in Letters of Credit are several and are not joint or joint and several. Unless the Administrative Agent shall have received notice from a Lender prior to a proposed borrowing date that such Lender will not make available to the Administrative Agent such Lender's ratable portion of the Revolving Credit Loans to be borrowed (which notice shall not release such Lender from its obligations hereunder), the Administrative Agent may assume that such Lender has made such portion or amount available to the Administrative Agent on the proposed borrowing date in accordance with Section 2.2.2, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If such amount is made available to the Administrative Agent on a date after such borrowing date, such Lender shall pay to the Administrative Agent on demand an amount, until paid, equal to the product of (a) the amount not made available by such Lender in accordance with the terms hereof, times (b) the daily average Federal Funds Rate during such period as determined by the Administrative Agent, times (c) a fraction the numerator of which is the number of days that elapse from and including such borrowing date to the date on which such amount not made available by such Lender in accordance with the terms hereof shall have become immediately available to the Administrative Agent and the denominator of which is 360. A certificate of the Administrative Agent with respect to any amounts owing under this Section 4.7 shall be conclusive, absent manifest error. If such Lender's Commitment Percentage of such Revolving Credit Loans is not made available to the Administrative Agent by such Lender within three (3) Business Days of such borrowing date, the Administrative Agent shall be entitled to recover such amount made available by the Administrative Agent with interest thereon at the rate per annum applicable to such borrowing, on demand, from the Borrower. The failure of any Lender to make available its Commitment Percentage of any Revolving Credit Loan or a Competitive Bid Loan shall not relieve it or any other Lender of its obligation hereunder to make its Commitment Percentage of such Revolving Credit Loan or any Competitive Bid Loan respectively, available on the borrowing date, but no Lender shall be responsible for the failure of any other Lender to make its Commitment Percentage of such Revolving Credit Loan or any Competitive Bid Loan available on the borrowing date.

## Section 4.8 Changed Circumstances.

4.8.1 Circumstances Affecting Offshore Rate Availability. If with respect to any Interest Period: (i) the Administrative Agent or any Lender (after consultation with the Administrative Agent) shall determine that for any reason adequate and reasonable means do not exist for determining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan or (ii) the Required Lenders reasonably and in good faith determine (which determination shall be conclusive) and notify the Administrative Agent that the LIBOR Rate will not adequately and fairly reflect the cost to the Required Lenders of funding Offshore Rate Loans for such Interest Period, then the Administrative Agent shall forthwith give notice thereof to the Borrower. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, the obligation of the Lenders to make Offshore Rate Loans and the right of the Borrower to convert any Revolving Credit Loan to or continue any Revolving Credit Loan as an Offshore Rate Loan shall be suspended, and the Borrower shall repay in full (or cause to be repaid in full) the then outstanding principal amount of each such Offshore Rate Loan together with accrued interest thereon, on the last day of the then current Interest Period applicable to such Offshore Rate Loan or convert the then outstanding principal amount of each such Offshore Rate Loan to a Base Rate Loan as of the last day of such Interest Period.

4.8.2 Laws Affecting Offshore Rate Availability. If, after the date hereof, the introduction of, or any change in, any Applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any of their respective Lending Offices) with any request or directive (whether or not having the force of law) issued after the date hereof of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lenders (or any of their respective Lending Offices) to honor its obligations hereunder to make or maintain any Offshore Rate Loan, such Lender shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to the Borrower and the other Lenders. Thereafter, until the Administrative Agent notifies the Borrower that such circumstances no longer exist, (i) the obligations of the affected Lender or Lenders to make Offshore Rate Loans and the right of the Borrower to convert any Revolving Credit Loan of the affected Lender or Lenders or continue any Revolving Credit Loan of the affected Lender or Lenders as an Offshore Rate Loan shall be suspended and thereafter the Borrower may select from the affected Lender or Lenders only Base Rate Loans hereunder, (ii) if any of the Lenders may not lawfully continue to maintain an Offshore Rate Loan to the end of the then current Interest Period applicable thereto, the applicable Offshore Rate Loan of the affected Lender or Lenders shall immediately be converted to a Base Rate Loan for the remainder of such Interest Period and the Borrower shall pay any amount required to be paid pursuant to Section 4.9 in connection therewith and (iii) if any of the Lenders may not lawfully continue to maintain a Competitive Bid Loan which bears interest at a rate based on the Offshore Rate to the end of the then current Interest Period applicable thereto at such rate of interest, such Competitive Bid Loan of the affected Lender shall immediately be converted to a Base Rate Loan for the remainder of such Interest Period. The Borrower shall repay the outstanding principal amount of any Competitive Bid Loans converted into Base Rate Loans in accordance with clause (iii) of this Section 4.8.2, together with all accrued but unpaid interest thereon and any amount

required to be paid pursuant to Section 4.9 hereof, on the last day of the Interest Period applicable to such Competitive Bid Loans.

4.8.3 Increased Costs. If, after the date hereof, the introduction of, or any change in, any Applicable Law, or in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective Lending Offices) with any request or directive (whether or not having the force of law) issued after the date hereof of such Authority, central bank or comparable agency:

(a) shall subject any of the Lenders (or any of their respective Lending Offices) to any tax, duty or other charge with respect to any Note, Letter of Credit or L/C Application or shall change the basis of taxation of payments to any of the Lenders (or any of their respective Lending Offices) of the principal of or interest on any Note, Letter of Credit or L/C Application or any other amounts due under this Agreement in respect thereof (except for changes in the rate of tax on the overall net income of any of the Lenders or any of their respective Lending Offices imposed by the jurisdiction in which such Lender is organized or is or should be qualified to do business or such Lending Office is located); or

(b) shall impose, modify or deem applicable any reserve (including, without limitation, any imposed by the Board other than those used to calculate the Offshore Rate), special deposit, insurance or capital or similar requirement against assets of, deposits with or for the account of, or credit extended by any of the Lenders (or any of their respective Lending Offices) or shall impose on any of the Lenders (or any of their respective Lending Offices) or the foreign exchange and interbank markets any other condition affecting any Note;

and the result of any event of the kind described in this Section 4.8.3, is to increase the costs to any of the Lenders of maintaining any Offshore Rate Loan or Competitive Bid Loan or of issuing or participating in Letters of Credit or to reduce the yield or amount of any sum received or receivable by any of the Lenders under this Agreement or under the Notes or any Letter of Credit or L/C Application in an amount deemed by such Lender to be material, then such Lender may promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify the Borrower of such fact and demand compensation therefor and, within fifteen (15) days after such notice by the Administrative Agent, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or Lenders for such increased cost or reduction; provided, however, that to the extent any reduction in the rate of return on such Lender's capital results both from its obligations hereunder and from developments in its business or financial position not related to this Agreement, such Lender shall, in determining the amount necessary to compensate it under this Section 4.8.3, attempt in good faith to take account of the relative contributions of such obligations hereunder and such other developments or change in its financial position to such reduction. The Administrative Agent and the applicable Lender will promptly notify the Borrower of any event of which it has knowledge which will entitle such Lender to compensation pursuant to this Section 4.8.3; provided that the Administrative Agent shall incur no liability whatsoever to the Lenders or the Borrower in the event it fails to do so. The amount of such compensation shall be determined, in the applicable

Lender's reasonable discretion, based upon the assumption that such Lender funded its Aggregate Revolving Credit Commitment Percentage of the Offshore Rate Loans, or the amount of any Competitive Bid Loans made by such Lender, in the London interbank market and using any reasonable attribution or averaging methods which such Lender deems appropriate and practical. A certificate of such Lender setting forth in reasonable detail the basis for determining such amount or amounts necessary to compensate such Lender shall be forwarded to the Borrower through the Administrative Agent and shall be conclusively presumed to be correct save for manifest error.

4.8.4 Mitigation. If any Lender demands compensation under Section 4.8.3 or if the obligation of any Lender to make Offshore Rate Loans is suspended under Section 4.8.2, then such Lender will use reasonable efforts to designate a different Lending Office for each affected Loan if such designation would avoid the need for, or reduce the amount of, such compensation or permit such Lender to make and maintain Offshore Rate Loans under Section 4.8.2 and would not, in the sole judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate of such Lender setting forth the additional amount or amounts required to compensate such Lender in respect of any increased costs, the changes as a result of which such amounts are due and the manner of computing such amounts shall be deemed conclusive, provided that the determinations set forth in such certificate are made reasonably and in good faith. If any Lender demands compensation from the Borrower under this Section 4.8 more than one hundred eighty (180) days after such Lender had knowledge of the occurrence of the event giving rise to such compensation, the Borrower shall not be obligated to reimburse such Lender for amounts incurred as a result of the occurrence of such event more than one hundred eighty (180) days prior to the date on which the Lender made such demand (provided that if the event giving rise to the compensation or indemnification is retroactive, then the one hundred eighty (180) day period referred to above shall be extended to include the period of retroactive effect). Notwithstanding any other provisions of this Section 4.8, no Lender shall demand compensation for any increased cost or reduction referred to above if it shall not at the time be the general policy or practice of such Lender to demand such compensation in similar circumstances under comparable provisions of other credit agreements, if any.

4.8.5 Replacement of a Lender. If (a) any Lender demands compensation under Section 4.8.3 (which compensation is not demanded by all of the Lenders) and the Borrower deems such additional amounts to be material or (b) the obligation of any Lender to make or maintain Offshore Rate Loans is suspended under Section 4.8.1 or Section 4.8.2, then, in each case, the Borrower may, so long as no Default or Event of Default has occurred and is continuing, obtain, at the Borrower's expense, one or more other Lenders or, with the consent of the Administrative Agent, one or more other Eligible Assignees willing to replace such Lender, and such Lender shall execute and deliver to such Eligible Assignee an Assignment and Acceptance with respect to such Lender's entire interest under this Agreement and the Notes for an amount equal to the principal balance of all Loans and L/C Obligations held by the affected Lender and all accrued interest and fees with respect thereto through the date of such assignment, provided that the Borrower shall have paid to such affected Lender the compensation that it is entitled to receive under Section 4.8 through the date of such assignment. Upon the execution by such Eligible Assignee of such Assignment and Acceptance and compliance with the requirements of Section 13.9.2 hereof, such Eligible Assignee shall succeed to all of such Lender's rights and duties under this Agreement. If the Borrower exercises its election



under this Section 4.8.5 to replace a Lender, the Borrower shall pay the administrative fee payable to the Administrative Agent under Section 13.9.2.

#### Section 4.9 Indemnity.

The Borrower hereby indemnifies each of the Lenders against any loss, cost or expense incurred by a Lender as a result of (a) any failure by the Borrower to borrow, convert or repay any amount in connection with any Offshore Rate Loan hereunder on the date specified therefor in the applicable Notice of Revolving Credit Borrowing or Notice of Continuation/Conversion or any Competitive Bid accepted by the Borrower in accordance with the terms of this Agreement, (b) any payment, prepayment or conversion of any Offshore Rate Loan on a date other than the last day of the Interest Period therefor. The amount of such loss or expense shall be determined, in the applicable Lender's reasonable discretion, based upon the assumption that such Lender funded its Commitment Percentage of the Offshore Rate Loans in the London interbank market and using any reasonable attribution or averaging methods which such Lender deems appropriate and practical. A certificate of such Lender setting forth in reasonable detail the basis for determining such amount or amounts necessary to compensate such Lender shall be forwarded to the Borrower through the Administrative Agent and shall be conclusively presumed to be correct save for manifest error.

#### Section 4.10 Capital Requirements.

If either (a) the introduction of, or any change or proposed change in, or in the interpretation of, any Applicable Law, or (b) compliance with any guideline or request issued after the date hereof from any central bank or comparable agency or other Governmental Authority (whether or not having the force of law), has or would have the effect of reducing the rate of return on the capital of, or has affected or would affect the amount of capital required to be maintained by, any Lender or any corporation controlling such Lender as a consequence of, or with reference to any Lender's 364 Day Facility Commitment or Three Year Facility Commitment and other commitments of this type, below the rate which the Lender or such other corporation could have achieved but for such introduction, change or compliance by an amount such Lender deems material, then within five (5) Business Days after written demand by any such Lender, the Borrower shall pay to such Lender from time to time as specified by such Lender additional amounts sufficient to compensate such Lender or other corporation for such reduction; provided, however, that to the extent any reduction in the rate of return on such Lender's capital results both from its obligations hereunder and from developments in its business or financial position not related to this Agreement, such Lender shall, in determining the amount necessary to compensate it under this Section, attempt in good faith to take account of the relative contributions of such obligations hereunder and such other developments or change in its financial position to such reduction. A certificate of such Lender setting forth in reasonable detail the basis for determining such amounts necessary to compensate such Lender shall be forwarded to the Borrower through the Administrative Agent and shall be conclusively presumed to be correct save for manifest error.

## Section 4.11 Taxes.

4.11.1 Payments Free and Clear. Any and all payments by the Borrower hereunder or under the Notes or the Letters of Credit shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholding, and all liabilities with respect thereto, excluding (i) in the case of each Lender and the Administrative Agent, taxes imposed on (or measured by) its gross or net income or franchise taxes imposed by the relevant taxing authority or other Governmental Authority, (ii) in the case of each Lender, any withholding taxes payable with respect to payments hereunder or under the other Loan Documents under laws (including, without limitation, any statute, treaty, ruling, determination or regulation) in effect on the Closing Date for such Lender (or such later date on which such Lender becomes a Lender hereunder) or on the date, if any, on which such Lender changes any applicable Lending Office by designating a different applicable Lending Office, but not excluding any withholding taxes payable solely as a result of any change in such laws occurring after the Closing Date (or such later date on which such Lender becomes a Lender hereunder) or after the date of designation of such new Lending Office, as the case may be, and (iii) any branch profits tax imposed by the United States of America or any similar tax imposed by any other jurisdiction (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note or Letter of Credit to any Lender or the Administrative Agent, (A) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 4.11) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the amount such party would have received had no such deductions been made, (B) the Borrower shall make such deductions, (C) the Borrower shall pay the full amount deducted to the relevant taxing authority or other authority in accordance with applicable law, and (D) the Borrower shall deliver to the Administrative Agent evidence of such payment to the relevant taxing authority or other authority in the manner provided in Section 4.11.4. The Borrower shall not, however, be required to pay any amounts pursuant to clause (A) of the preceding sentence to any Foreign Lender or the Administrative Agent not organized under the laws of the United States of America or a state thereof (or the District of Columbia) if such Foreign Lender or the Administrative Agent fails to comply with the requirements of Section 4.11.5.

4.11.2 Stamp and Other Taxes. In addition, the Borrower shall pay any present or future stamp, registration, recordation or documentary taxes or any other similar fees or charges or excise taxes, levies of the United States or any state or political subdivision thereof or any applicable foreign jurisdiction which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise similarly with respect to, this Agreement, the Loans, the Letters of Credit, the other Loan Documents, or the perfection of any rights or security interest in respect thereto (hereinafter referred to as "Other Taxes").

4.11.3 Indemnity. The Borrower shall indemnify each Lender and the Administrative Agent ("Lender's Indemnitees") for the full amount of Taxes that the Borrower should have withheld, but failed to withhold, pursuant to Section 4.11.1 and Other Taxes (including, without limitation, any Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 4.11) paid by such Lender or the Administrative Agent (as the case may be) and any liability

(including interest and penalties, if any) arising therefrom or with respect thereto. In the event a claim against Lender's Indemnitees arises that is covered by the indemnity provisions of this Section 4.11.3, notice shall be given promptly by such Lender or the Administrative Agent (as the case may be) to Borrower. Borrower shall have the right to contest and defend by all appropriate legal proceedings any third-party claim and to control all settlements (unless such Lender or the Administrative Agent agrees to assume the cost of settlement and to forgo such indemnity) and to select lead counsel to defend any and all third-party claims at the sole cost and expense of Borrower, as the case may be; provided, however, that Borrower may not effect any settlement that could result in any cost, expense or liability to Lender's Indemnitees unless such Lender or the Administrative Agent consents in writing to such settlement, which consent shall not be unreasonably withheld. Any of Lender's Indemnitees may select and engage counsel to participate in any defense, in which event such counsel shall be at the sole cost and expense of the party selecting and engaging such counsel. In connection with any such claim, action or proceeding, the parties shall cooperate with each other and provide each other with access to relevant books and records in their possession. If a Lender or the Administrative Agent shall become aware that it is or may be entitled to receive a refund, credit or reduction (including interest and penalties, if any) in respect of Taxes or Other Taxes, it promptly shall notify the Borrower of the availability of such refund, credit or reduction and shall, within thirty (30) days after receipt of a request by the Borrower pursue or timely claim such refund, credit or reduction at the Borrower's expense. If any Lender or the Administrative Agent receives a refund or realizes a credit or reduction in tax in respect of any Taxes or Other Taxes withheld by the Borrower or for which such Lender or the Administrative Agent has received payment from the Borrower hereunder, it promptly shall repay the amount of such refund or benefit of such credit or reduction in tax (including penalties and interest refunded, plus interest received, if any) to the Borrower.

4.11.4 Evidence of Payment. Within thirty (30) days after the date of any payment of Taxes or Other Taxes, the Borrower shall furnish to the Administrative Agent, at its address referred to in Section 13.1, the original or a certified copy of a receipt evidencing payment thereof or other evidence of payment satisfactory to the Administrative Agent.

4.11.5 Delivery of Tax Forms. Each Foreign Lender shall deliver to the Borrower, with a copy to the Administrative Agent, on the Closing Date or concurrently with the delivery of the relevant Assignment and Acceptance, as applicable, two United States Internal Revenue Service Forms W-8ECI or Forms W-8BEN, as applicable (or successor forms), properly completed and certifying in each case that such Foreign Lender is entitled to a complete exemption from withholding or deduction for or on account of any United States federal income taxes. Each Foreign Lender further agrees to deliver to the Borrower, with a copy to the Administrative Agent, a Form W-8ECI or W-8BEN, or successor applicable forms or manner of certification, as the case may be, on or before the date that any such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower, certifying that such Foreign Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes (unless in any such case an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders such forms inapplicable or the exemption to which such forms relate unavailable and such Foreign Lender notifies the Borrower and the Administrative Agent that it

is not entitled to receive payments without deduction or withholding of United States federal income taxes). Each Lender that is organized under the laws of the United States or any state thereof or the District of Columbia shall deliver to the Borrower an original copy of Internal Revenue Service Form W-9 (or applicable successor form) properly completed and duly executed by such Lender.

4.11.6 Survival. Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 4.11 shall survive the payment in full of the Obligations and the termination of the 364 Day Facility Commitment and the Three Year Facility Commitment, but shall be limited in duration to the applicable statute of limitations for Taxes or Other Taxes for which indemnification is sought.

#### 4.11.7 Additional Provisions.

(a) The Borrower shall not be required to indemnify any Lender or to pay any additional amounts to any Lender in respect of Taxes or Other Taxes pursuant to this Section 4.11 to the extent that (i) the obligation to pay such additional amounts would not have arisen but for a failure by such Lender to comply with the provisions of this Section 4.11 or (ii) the obligation with respect to such Taxes or Other Taxes existed on the Closing Date (or later date on which such Lender became a Lender hereunder) in respect of such Lender or, with respect to payments to a newly designated Lending Office, existed on the date such Lender designated such new Lending Office with respect to a Loan.

(b) Any Lender or the Administrative Agent claiming any additional amount payable pursuant to this Section 4.11 shall use all reasonable efforts (consistent with legal and regulatory restrictions) that would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue (including but not limited to filing any certificate or document requested by the Borrower or changing the jurisdiction of its applicable Lending Office).

### ARTICLE V

#### CLOSING; CONDITIONS OF CLOSING AND BORROWING

##### Section 5.1 Closing.

The parties hereto shall execute and deliver this Agreement as of 11:00 a.m. (Charlotte time) on October 3, 2000 or on such other date and at such other time as the parties hereto shall mutually agree.

##### Section 5.2 Conditions to Closing.

The obligations of the Lenders to close this Agreement are subject to the satisfaction or waiver of each of the following conditions:

5.2.1 Executed Loan Documents. This Agreement, the Revolving Credit Notes and all other applicable Loan Documents shall have been duly authorized, executed and delivered to the Administrative Agent by the parties thereto, shall be in full force and effect and no default (including without limitation a Default) shall exist thereunder, and the Credit Parties shall have delivered original counterparts thereof to the Administrative Agent.

5.2.2 Closing Certificates; etc.

(a) Officers' Certificates. The Administrative Agent shall have received a certificate from a Responsible Officer on behalf of each Credit Party, in form and substance reasonably satisfactory to the Administrative Agent, to the effect that all representations and warranties of such Credit Party contained in this Agreement and the other Loan Documents are true and correct in all material respects; that such Credit Party is not in violation of any of the covenants contained in this Agreement and the other Loan Documents; that, after giving effect to the transactions contemplated by this Agreement, no Default or Event of Default has occurred and is continuing; and that each of the closing conditions has been satisfied or waived (assuming satisfaction of the Administrative Agent where not advised otherwise).

(b) General Certificates. The Administrative Agent shall have received a certificate of the secretary, assistant secretary or general counsel of each Credit Party certifying as to the incumbency and genuineness of the signature of each officer of such Credit Party executing Loan Documents to which it is a party and certifying that attached thereto is a true, correct and complete copy of (A) the articles of incorporation of such Credit Party and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation, (B) the bylaws of such Credit Party as in effect on the date of such certifications, (C) resolutions duly adopted by the Board of Directors of such Credit Party authorizing, as applicable, the borrowings contemplated hereunder and the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party, and (D) each certificate required to be delivered pursuant to Section 5.2.2(c).

(c) Certificates of Good Standing. The Administrative Agent shall have received long-form certificates as of a recent date of the good standing or active status, as applicable, of the Credit Parties under the laws of their respective jurisdictions of organization and short-form certificates as of a recent date of the good standing of the Borrower under the laws of each other jurisdiction where the Borrower is qualified to do business and where a failure to be so qualified would have a Material Adverse Effect.

(d) Opinions of Counsel. The Administrative Agent shall have received opinions in form and substance reasonably satisfactory to the Administrative Agent of the Vice President-Law and Secretary of the Borrower and of Hunton & Williams, counsel to the Credit Parties, addressed to the Administrative Agent and the Lenders with respect to the Credit Parties, the Loan Documents and such other matters as the Administrative Agent shall reasonably request.

### 5.2.3 Consents; Defaults.

(a) Governmental and Third Party Approvals. The Borrower shall have obtained all approvals, authorizations and consents of any Person and of all Governmental Authorities and courts having jurisdiction necessary in order to enter into this Agreement and the other Loan Documents as of the Closing Date. Additionally, there shall not exist any judgment, order, injunction or other restraint issued or filed or a hearing seeking injunctive relief or other restraint pending or notified prohibiting the transactions contemplated by this Agreement and the other Loan Documents or otherwise referred to herein or therein.

(b) No Event of Default. No Default or Event of Default shall have occurred and be continuing.

5.2.4 No Material Adverse Effect. Since December 31, 1999 nothing shall have occurred (and neither the Administrative Agent nor the Lenders shall have become aware of any facts or conditions not previously known) which has had a Material Adverse Effect.

### 5.2.5 Financial Matters.

(a) Financial Statements. The Administrative Agent shall have received the Annual Report on Form 10-K of the Borrower for the fiscal year ended as of December 31, 1999 and the Quarterly Report on Form 10-Q of the Borrower for the six month period ended as of June 30, 2000.

(b) Payment at Closing. The Borrower shall have paid any accrued and unpaid fees or commissions due hereunder (including, without limitation, reasonable legal fees and expenses) to the Administrative Agent and Lenders, and to any other Person such amount as may be due thereto in connection with the transactions contemplated hereby, including all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of any of the Loan Documents.

5.2.6 Litigation. Except as set forth in the Current SEC Reports, as of the Closing Date, there shall be no actions, suits or proceedings pending or, to the best knowledge of the Borrower, threatened (i) with respect to this Agreement or any other Loan Document or (ii) which the Administrative Agent or the Required Lenders shall reasonably determine would have a Material Adverse Effect.

5.2.7 Termination of Prior Bank Commitment. The Prior Bank Commitment shall have been (or will be upon the initial borrowing hereunder and the application of the proceeds thereof) (i) paid in full, (ii) the obligations of the Borrower thereunder satisfied and the commitment of the lenders thereunder terminated and (iii) either (A) all outstanding promissory notes issued by the Borrower with respect thereto canceled and the originally executed copies thereof returned to the Borrower or the Administrative Agent (who shall promptly forward such notes to the Borrower) or (B) the Administrative Agent otherwise shall have received evidence satisfactory to it that such Prior Bank Commitment has been terminated.

Section 5.3 Conditions to All Extensions of Credit.

The obligation of each Lender to make any Extension of Credit hereunder (including the initial Extension of Credit to be made hereunder) is subject to the satisfaction of the following conditions precedent on the relevant borrowing or issue date, as applicable:

5.3.1 Continuation of Representations and Warranties. The representations and warranties contained in Article VI shall be true and correct in all material respects on and as of such borrowing or issuance date with the same effect as if made on and as of such date, except for any representation and warranty made as of an earlier date, which representation and warranty shall remain true and correct in all material respects as of such earlier date.

5.3.2 No Existing Default. Immediately after the making of the requested borrowing, no Default or Event of Default shall have occurred and be continuing hereunder (i) on the borrowing date with respect to such Loan or after giving effect to the Loans to be made on such date or (ii) on the issue date with respect to such Letter of Credit or after giving effect to such Letters of Credit on such date.

5.3.3 Notice of Revolving Credit Borrowing. The Administrative Agent shall have received a Notice of Revolving Credit Borrowing from the relevant Borrower in accordance with Section 2.2.1 and a Notice of Account Designation specifying the account or accounts to which the proceeds of any Loans made after the Closing Date are to be disbursed.

The occurrence of the Closing Date and the acceptance by the Borrower of the benefits of each Extension of Credit hereunder shall constitute a representation and warranty by the Borrower to the Administrative Agent and each of the Lenders that all the conditions specified in Sections 5.2 and 5.3 and applicable to such borrowing have been satisfied as of that time. All of the Notes, certificates, legal opinions and other documents and papers referred to in Sections 5.2 and 5.3, unless otherwise specified, shall be delivered to the Administrative Agent for the account of each of the Lenders and, except for the Notes, in sufficient counterparts or copies for each of the Lenders and shall be in form and substance reasonably satisfactory to the Administrative Agent.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Section 6.1 Representations and Warranties.

To induce the Administrative Agent and Lenders to enter into this Agreement and to induce the Lenders to make Extensions of Credit, the Borrower hereby represents and warrants to the Administrative Agent and Lenders that:

6.1.1 Corporate Existence. The Borrower (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation; (b) has the requisite power and authority to own its property and assets and to carry on its business as now conducted; (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not have a Material Adverse Effect; and (d) has all Governmental Approvals required by any

Applicable Law for it to conduct its business, except where the failure to have such Governmental Approvals would not have a Material Adverse Effect.

6.1.2 Non-Contravention. Each Credit Party has the corporate power to execute and deliver and to perform its obligations under the Loan Documents and to borrow hereunder. The execution, delivery, and performance by each of the Credit Parties of the Loan Documents to which it is a party have been duly authorized by all necessary corporate action and do not and will not (i) require any consent or approval of the shareholders of such Credit Party, (ii) violate any provision of any law, rule, regulation (including, without limitation, Regulation T, U or X of the Board), order, writ, judgment, injunction, decree, determination, or award presently in effect having applicability to such Credit Party or any Restricted Subsidiary or of the charter or bylaws of such Credit Party or any Restricted Subsidiary, (iii) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease, or instrument to which such Credit Party or any Restricted Subsidiary is a party or by which it or its properties may be bound or affected, or (iv) result in the creation of a Lien of any nature upon or with respect to any of the properties now owned or hereafter acquired by such Credit Party or any Restricted Subsidiary; and each Credit Party and each Restricted Subsidiary is not in default under any such order, writ, judgment, injunction, decree, determination, or award or any such indenture, agreement, lease, or instrument or in default under any such law, rule, or regulation, which default would have a Material Adverse Effect.

6.1.3 No Consent. No authorization, consent, approval, license, exemption of, or filing or registration with, or any other action in respect of any Governmental Authority is or will be necessary for the valid execution, delivery or performance by any Credit Party of the Loan Documents to which it is a party.

6.1.4 Execution and Delivery; Binding Obligations. The Loan Documents have been duly executed and delivered by each Credit Party thereto. The Loan Documents constitute legal, valid, and binding obligations of the Credit Parties enforceable in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

6.1.5 Title to Properties. The Borrower and each Restricted Subsidiary has good and marketable title to all of the material assets and properties owned by it, and valid leasehold interests in all material assets and properties leased by it, free and clear of all Liens except such as are permitted by Section 9.2 and except for covenants, restrictions, rights, easements and minor irregularities in title which do not interfere with the occupation, use and enjoyment by the Borrower or such Restricted Subsidiary of such properties and assets in the normal course of business as presently conducted or materially impair the value thereof for such business.

6.1.6 Subsidiaries. Each Subsidiary of the Borrower is listed on Schedule 6.1.6, including the jurisdiction of organization, classes of capital stock, ownership and ownership percentages thereof. All the outstanding capital stock of the Borrower's Subsidiaries shown in Schedule 6.1.6 hereto as being owned by the Borrower or any of its Subsidiaries have been duly authorized and



validly issued, are fully paid and nonassessable and are free and clear of any Lien except as set forth on Schedule 9.2. No Subsidiary owns any capital stock of the Borrower. Each of the Restricted Subsidiaries of the Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; and each Restricted Subsidiary (i) has the requisite power and authority to own its property and assets and to carry on its business as now conducted, (ii) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not have a Material Adverse Effect and (iii) has all Governmental Approvals required by any Applicable Law for it to conduct its business, except where the failure to have such Governmental Approvals would not have a Material Adverse Effect.

#### 6.1.7 Financial Statements.

(a) The consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 1999, and the related consolidated statements of operations, shareholders' equity and cash flow of the Borrower and its Subsidiaries for the fiscal year then ended, certified by KPMG LLP, independent public accountants, copies of which have been delivered to the Lenders, fairly present the consolidated financial condition of the Borrower and its Subsidiaries as at such date and the consolidated results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all prepared in accordance with GAAP applied on a consistent basis.

(b) The unaudited consolidated balance sheet of the Borrower and its Subsidiaries as at June 30, 2000, the related unaudited consolidated statement of operations and cash flows of the Borrower and its Subsidiaries for the fiscal quarter then ended, copies of which have been delivered to the Lenders, fairly present the consolidated financial condition of the Borrower and its Subsidiaries as at such date and the consolidated results of the operations of the Borrower and its Subsidiaries for the period ended on such date, subject to normal recurring year-end adjustments, all prepared in accordance with GAAP (except for the omission of notes) applied on a consistent basis; and there has been no material adverse change in such condition or operations since December 31, 1999 that has had a Material Adverse Effect.

6.1.8 Litigation. There are no actions, suits, or proceedings pending or, to the knowledge of a Responsible Officer of any Credit Party, threatened, against any Credit Party or any Restricted Subsidiary or the properties of any Credit Party or any Restricted Subsidiary before any Governmental Authority or arbitrator that would have a Material Adverse Effect. Neither any Credit Party nor any Restricted Subsidiary is in default (in any respect which would have a Material Adverse Effect) with respect to any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect and applicable to any Credit Party or any Restricted Subsidiary.

6.1.9 Taxes. The Borrower and each Restricted Subsidiary has filed all material tax returns (Federal, state, and local) required to be filed and paid all taxes shown thereon to be due, including interest and penalties, or provided adequate reserves, in accordance with GAAP, for the payment thereof.

6.1.10 ERISA. Each Pension Plan has complied with and has been administered in all material respects in accordance with the applicable provisions of ERISA and the Code. No Pension Plan has terminated under circumstances giving rise to liability of the Borrower or any ERISA Affiliate to the PBGC under Section 4062, 4063 or 4064 of ERISA, which liability remains unpaid in whole or in part, and no lien under Section 4068 of ERISA exists with respect to the assets of the Borrower or any Restricted Subsidiary. No Reportable Event has occurred with respect to any Pension Plan, except for Reportable Events previously disclosed in writing to the Lenders that would not have a Material Adverse Effect. No accumulated funding deficiency within the meaning of Section 302 of ERISA or Section 412 of the Code (whether or not waived) exists with respect to any Pension Plan, nor does any lien under Section 302 of ERISA or Section 412 of the Code exist with respect to any Pension Plan.

Neither the Borrower nor any ERISA Affiliate has completely or partially withdrawn from any one or more Multiemployer Plans under circumstances which would give rise to withdrawal liability which, in the aggregate, would have a Material Adverse Effect and which has not been fully paid as of the date hereof. Neither the Borrower nor any ERISA Affiliate has received notice that any Multiemployer Plan is in reorganization (within the meaning of Section 4241 of ERISA), is insolvent (within the meaning of Section 4245 of ERISA), or has terminated under Title IV of ERISA, nor, to the best knowledge of the Borrower, is any such reorganization, insolvency or termination reasonably likely to occur, where such reorganization, insolvency or termination has resulted in an increase in the contributions required to be made to such Multiemployer Plan in an amount that would have a Material Adverse Effect. Neither the Borrower nor any ERISA Affiliate has failed to make any contribution to a Multiemployer Plan which is required under ERISA or an applicable collective bargaining agreement in an amount which is material in the aggregate (except to the extent there is a good faith dispute as to whether any contribution is owed, the amount owed or the existence of facts that would give rise to a withdrawal).

6.1.11 No Default. No Default and no Event of Default has occurred and is continuing.

6.1.12 Federal Reserve Regulations.

(a) Neither the Borrower nor any Subsidiary of the Borrower is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of the Loans will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose which entails a violation of, or which is inconsistent with, the provisions of the Regulations of the Board, including, without limitation, Regulations T, U or X.

6.1.13 Investment Company Act. Neither the Borrower nor any Subsidiary is an "investment company" or a company controlled by an "investment company" as each term is defined in the Investment Company Act of 1940 or subject to regulation thereunder.

6.1.14 Environmental Matters. In the ordinary course of its business, the Borrower conducts an ongoing review of the effect of Environmental Laws and laws relating to occupational safety and health on the business, operations and properties of the Borrower and its Subsidiaries, in the course of which it identifies and evaluates associated liabilities and costs (including any capital or operating expenditures required for clean-up, closure or restoration of properties presently or previously owned, any capital or operating expenditures required to achieve or maintain compliance with environmental protection and occupational health and safety standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Borrower represents and warrants that applicable Environmental Laws and laws relating to occupational health and safety do not, and would not have a Material Adverse Effect. The Borrower and each Restricted Subsidiary has obtained and holds all material permits, licenses and approvals required under Environmental Laws which are necessary for the conduct of its business and the operation of its facilities, and the Borrower and its Restricted Subsidiaries have not received any written notice of any failure to be in compliance with the terms and conditions of such permits, licenses and approvals, which failure would have a Material Adverse Effect.

#### Section 6.2 Accuracy and Completeness of Information.

The financial statements referenced in Section 6.1.7, the financial statements provided to the Administrative Agent pursuant to Sections 7.1.1(a) and 7.1.1(b) and the written information with respect to the Credit Parties contained in this Agreement, taken as a whole, does not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which such statements were then made, not misleading.

#### Section 6.3 Labor Matters.

Neither any Credit Party nor any Restricted Subsidiary is engaged in any unfair labor practice under the National Labor Relations Act, as amended, that would have a Material Adverse Effect. There is (a) no unfair labor practice complaint pending against any Credit Party or any Restricted Subsidiary or, to the knowledge of any Responsible Officer of any Credit Party, threatened against any Credit Party or any Restricted Subsidiary, before the National Labor Relations Board, except for any such complaint that would not have a Material Adverse Effect; (b) no strike, labor dispute, slowdown or stoppage pending against any Credit Party or any Restricted Subsidiary or, to the knowledge of any Responsible Officer of any Credit Party, threatened against any Credit Party or any Restricted Subsidiary, except for any such strike, labor dispute, slowdown or stoppage that would not have a Material Adverse Effect; and (c) no union representation question exists with respect to the employees of any Credit Party or any Restricted Subsidiary, except for any such question that would not have a Material Adverse Effect.

## Section 6.4 Survival of Representations and Warranties, Etc.

All representations and warranties set forth in this Article VI and all representations and warranties contained in any certificate related hereto, or any of the Loan Documents (including but not limited to any such representation or warranty made in or in connection with any amendment thereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made under this Article VI shall be made or deemed to be made at and as of the Closing Date, shall survive the Closing Date and shall not be waived by the execution and delivery of this Agreement, any investigation made by or on behalf of the Lenders or any borrowing hereunder.

## ARTICLE VII

### FINANCIAL INFORMATION AND NOTICES

Until all the Obligations (other than Obligations under Hedging Agreements) have been paid and satisfied in full and the later of the 364 Day Facility Termination Date or the Three Year Facility Termination Date, unless consent has been obtained in the manner set forth in Section 13.10 hereof, the Borrower will:

#### Section 7.1 Financial Statements, Etc.

7.1.1 Furnish or cause to be furnished to the Administrative Agent at its address as set forth in Section 13.1, or such other office as may be designated in writing by the Administrative Agent from time to time:

(a) annually, as soon as available, but in any event within 120 days after the last day of each Fiscal Year, a consolidated balance sheet of the Borrower and its Subsidiaries, as at such last day of such Fiscal Year, and consolidated statements of operations, shareholders' equity and cash flow for the Borrower and its Subsidiaries for such Fiscal Year, each prepared in accordance with GAAP, in reasonable detail, and audited by KPMG LLP or any other firm of independent certified public accountants of recognized national standing and whose opinion shall not be qualified with respect to scope limitations imposed by the Borrower or any Subsidiary, the status of the Borrower and its Subsidiaries as a going concern or the accounting principles followed by the Borrower or any Subsidiary not in accordance with GAAP;

(b) as soon as available, but in any event within 60 days after the end of each of the first three fiscal quarterly periods of each Fiscal Year, a consolidated balance sheet of the Borrower and its Subsidiaries as at the last day of such fiscal quarter and consolidated statements of operations and cash flows for the Borrower and its Subsidiaries for such fiscal quarter, and for the then current Fiscal Year through the end of such fiscal quarter, prepared in accordance with GAAP (except for omission of notes and subject to year-end adjustments);

(c) at the same time as it delivers the financial statements required under the provisions of clause (a) above, a certificate signed by

the chief financial officer or the chief executive officer of the Borrower to the effect that such officer has made due inquiry and that to the best of the knowledge of such officer except as stated therein no Default or Event of Default has occurred hereunder and that such officer has made due inquiry and that to the best of the knowledge of such officer except as stated therein no default has occurred under any other agreement to which the Borrower is a party or by which it is bound, or by which any of its properties or assets may be affected, which would have a Material Adverse Effect and specifying in reasonable detail the exceptions, if any, to such statements;

(d) at the same time as it delivers the financial statements required under the provisions of clauses (a) and (b) above, a statement of a financial officer of the Borrower showing the Leverage Ratio and Interest Coverage Ratio by reasonably detailed calculation thereof as of the last day of the fiscal period to which such financial statements relate;

(e) at the same time as it delivers the financial statements required under the provisions of clause (b) above, a certificate signed by a financial officer of the Borrower and stating that such officer has made due inquiry and that to the best of his knowledge no Default or Event of Default has occurred and is continuing, or, if a Default or Event of Default has occurred and is continuing, specifying the nature and extent thereof;

(f) at the same time as it delivers the financial statements required under the provisions of clauses (a) and (b) above, a statement of a financial officer of the Borrower showing the aggregate principal amount of Competitive Bid Loans outstanding under the 364 Day Facility and the Three Year Facility as of the last day of the fiscal period as to which such financial statements relate; and

(g) immediately, but in any event within three (3) Business Days after a Responsible Officer of any Credit Party obtains knowledge of the occurrence of any Default or Event of Default, a certificate of the chief financial officer or the chief executive officer of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto.

7.1.2 Keep, and cause each Restricted Subsidiary to keep, proper books of record and accounts in which full, true and correct entries in accordance with GAAP shall be made of all dealings or transactions in relation to its business and activities and the business and activities of its Restricted Subsidiaries;

7.1.3 Furnish, and cause each Restricted Subsidiary to furnish, with reasonable promptness such other financial information as any Lender may reasonably request, provided that the Borrower shall not be required to furnish any information that would result in violation of any confidentiality agreement by which it is bound but, at the request of a Lender, shall use its reasonable best efforts to obtain a waiver of such agreement to permit furnishing of such information under this provision;

7.1.4 Promptly after the same are available, furnish or make available copies of all current reports on Form 8-K, quarterly reports on Form 10-Q, annual reports on Form 10-K (or similar corresponding reports) and registration statements or statements which the Borrower or any Subsidiary may be required to file with the Securities and Exchange Commission (excluding registration statements filed pursuant to employee stock option or benefit plans);

7.1.5 Change in Debt Rating. Within three (3) Business Days after any Responsible Officer of the Borrower receives notice of any change in the Applicable LT Rating, furnish written notice of such change and the new Applicable LT Rating to the Administrative Agent.

7.1.6 Furnish, and cause each Restricted Subsidiary to furnish, to the Administrative Agent, as soon as reasonably practicable after receipt by the Borrower or any Restricted Subsidiary, a copy of any written notice or claim to the effect that the Borrower or any Restricted Subsidiary is liable to any Person as a result of the presence or release of any Contaminant which claim would have a Material Adverse Effect.

#### Section 7.2 Notice of Litigation and Other Matters.

Promptly (but in no event later than three (3) Business Days after a Responsible Officer of any Credit Party obtains knowledge thereof) furnish telephonic (confirmed in writing) or written notice of:

(a) the commencement of all proceedings by or before any Governmental Authority and all actions and proceedings in any court or before any arbitrator against any of the Credit Parties or any Restricted Subsidiary thereof or any of their respective properties, assets or businesses (i) which in the reasonable judgment of the Credit Parties would have a Material Adverse Effect, (ii) with respect to any material Debt of the Credit Parties or any of their Restricted Subsidiaries or (iii) with respect to any Loan Document;

(b) any notice of any violation received by any of the Credit Parties or any Restricted Subsidiary thereof from any Governmental Authority including, without limitation, any notice of violation of Environmental Laws, which in the reasonable judgment of the Credit Parties in any such case would have a Material Adverse Effect; and

(c) (i) any unfavorable determination letter from the Internal Revenue Service regarding the qualification of an Employee Benefit Plan under Section 401(a) of the Code (along with a copy thereof) which would have a Material Adverse Effect, (ii) all notices received by any of the Credit Parties or any ERISA Affiliate of the PBGC's intent to terminate any Pension Plan or to have a trustee appointed to administer any Pension Plan, (iii) all notices received by any of the Credit Parties or any ERISA Affiliate from a Multiemployer Plan sponsor concerning the imposition or amount of withdrawal liability pursuant to Section 4202 of ERISA which would have a Material Adverse Effect, (iv) the Credit Parties obtaining knowledge or reason to know that the Credit Parties or any ERISA Affiliate has filed or intends to file a notice of intent to terminate any Pension

Plan under a distress termination within the meaning of Section 4041(c) of ERISA and (v) the occurrence of a Reportable Event.

## ARTICLE VIII

### AFFIRMATIVE COVENANTS

Until all of the Obligations (other than any Obligations under any Hedging Agreement) have been paid and satisfied in full and the 364 Day Facility Commitment and the Three Year Facility Commitment have expired or been terminated, unless consent has been obtained in the manner provided for in Section 13.10, the Borrower will:

#### Section 8.1 Payment of Taxes, etc.

Pay and discharge, and cause each Restricted Subsidiary to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a lien or charge upon any properties of the Borrower or any Restricted Subsidiary; provided, however, that neither the Borrower nor any Restricted Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings and against which it is maintaining adequate reserves in accordance with GAAP.

#### Section 8.2 Maintenance of Insurance.

Maintain, and cause each Restricted Subsidiary to maintain, insurance with responsible and reputable insurance companies or associations (or, to the extent consistent with prudent business practice, through its own program of self-insurance) in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Restricted Subsidiary operates.

#### Section 8.3 Preservation of Corporate Existence, etc.

Preserve and maintain, and cause each Restricted Subsidiary to preserve and maintain, its corporate existence and material rights, franchises and privileges; provided, however, that nothing herein contained shall prevent any merger or consolidation permitted by Section 9.3; and provided further that the Borrower shall not be required to preserve or to cause any Restricted Subsidiary to preserve its corporate existence or any such rights, franchises or privileges if the Borrower shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower and its Restricted Subsidiaries taken as a whole and that the loss thereof is not disadvantageous in any material respect to the Borrower and its Restricted Subsidiaries taken as a whole.

#### Section 8.4 Compliance with Laws, etc.

Comply, and cause each Restricted Subsidiary to comply, with the requirements of all applicable laws, rules, regulations and orders (other than laws, rules, regulations, and orders which are not final and are being contested in good faith by proper proceedings) of any Governmental Authority (including Labor Laws and Environmental Laws), noncompliance with which would have a Material Adverse Effect.

#### Section 8.5 Compliance with ERISA.

Comply, and cause each of its Restricted Subsidiaries to comply, with the minimum funding standards under ERISA with respect to its Pension Plans and use its best efforts, and cause each Restricted Subsidiary to use its best efforts, to comply in all material respects with all other applicable provisions of ERISA and the regulations and interpretations promulgated thereunder.

#### Section 8.6 Compliance with Contracts, etc.

Perform, and cause each Restricted Subsidiary to perform, all of its obligations under the terms of each mortgage, indenture, security agreement, loan agreement or credit agreement and each other agreement, contract or instrument by which it is bound, except where the failure to do so would not have a Material Adverse Effect.

#### Section 8.7 Access to Properties.

Permit, and cause its Restricted Subsidiaries to permit, any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice to the Borrower, to visit the properties of the Borrower or any Restricted Subsidiary at reasonable times and as often as reasonably requested.

#### Section 8.8 Conduct of Business.

Engage in, and cause its Restricted Subsidiaries to engage in, only in those businesses in which the Borrower and its Restricted Subsidiaries are engaged on the Closing Date and such other businesses reasonably related or complementary thereto or in furtherance thereof, or in other lines of business which are insignificant when viewed in the overall context of the businesses then engaged in by the Borrower and its Restricted Subsidiaries taken as a whole.

#### Section 8.9 Use of Proceeds.

Use the proceeds of the Loans solely for the purposes set forth in Section 2.1.2.

#### Section 8.10 Additional Guarantors.

In the event that any Person (other than any Subsidiary of the Borrower existing on the Closing Date) becomes a wholly-owned (directly or indirectly) Material Domestic Subsidiary after the Closing Date pursuant to an



acquisition (whether of stock or assets) or a merger, Borrower shall, within thirty (30) days after the end of the fiscal quarter in which such Person becomes a Material Domestic Subsidiary, cause such Material Domestic Subsidiary to become a Guarantor by execution and delivery of a Guarantor Joinder Agreement and by delivery of such other documentation as the Administrative Agent may reasonably request in connection therewith, including, without limitation, certified resolutions of such Material Domestic Subsidiary, certified organizational and authorizing documents of such Material Domestic Subsidiary, favorable opinions of counsel to such Material Domestic Subsidiary (which shall cover, among other things, the legality, validity, binding effect and enforceability of the Guarantor Joinder Agreement) and other items of the type required to be delivered pursuant to Section 5.2.2, all in form, content and scope reasonably satisfactory to the Administrative Agent; provided, however, that no such Person which becomes a Material Domestic Subsidiary pursuant to any such acquisition or merger shall be required to become a Guarantor if the incurrence of such obligation would violate any material agreement binding on such Person and in existence on the date of such acquisition or merger.

## ARTICLE IX

### NEGATIVE COVENANTS

Until all of the Obligations (other than any Obligations under any Hedging Agreement) have been paid and satisfied in full and the 364 Day Facility Commitment and the Three Year Facility Commitment have expired or been terminated unless consent has been obtained in the manner set forth in Section 13.10, the Borrower will not:

#### Section 9.1 Financial Covenants.

9.1.1 Maximum Leverage Ratio. Commencing with the end of the first fiscal quarter ending after the Closing Date, permit the Leverage Ratio as of the end of each fiscal quarter to be greater than 55%.

9.1.2 Minimum Interest Coverage Ratio. Commencing with the end of the first fiscal quarter ending after the Closing Date, permit the Interest Coverage Ratio as of the end of each fiscal quarter to be less than 3.00 to 1.00.

#### Section 9.2 Limitations on Liens.

Create, incur, assume or suffer to exist, or permit any Restricted Subsidiary to create, incur, assume or suffer to exist, any Lien on, or with respect to, any of their assets or properties (including without limitation shares of capital stock or other ownership interests), real or personal, whether now owned or hereafter acquired, except:

(a) Liens existing on the Closing Date and set forth on Schedule 9.2;

(b) Liens for taxes, assessments and other governmental charges or levies not yet due or as to which the period of grace, if any, related thereto

has not expired or which are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP;

(c) The claims of materialmen, mechanics, carriers, warehousemen, processors or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, (i) which are not overdue for a period of more than thirty (30) days or (ii) which are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP;

(d) Liens consisting of deposits or pledges made in the ordinary course of business (i) in connection with, or to secure payment of, obligations under workers' compensation, unemployment insurance or similar legislation or obligations under customer service contracts, or (ii) to secure (or to obtain letters of credit that secure) the performance of tenders, statutory obligations, surety bonds, appeal bonds, bids, leases (other than Capital Leases), performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

(e) Liens constituting encumbrances in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property, which in the aggregate are not substantial in amount and which do not, in any case, detract from the value of any material parcel of real property or impair the use thereof in the ordinary conduct of business;

(f) Liens in favor of the Administrative Agent for the benefit of the Administrative Agent and the Lenders;

(g) Liens on the property or assets of any Restricted Subsidiary existing at the time such Restricted Subsidiary becomes a Subsidiary of a Credit Party and not incurred in contemplation thereof, as long as the outstanding principal amount of the Debt secured thereby is not voluntarily increased by such Restricted Subsidiary after the date such Restricted Subsidiary becomes a Subsidiary of such Credit Party;

(h) Liens on the property or assets of the Credit Parties or any Restricted Subsidiary securing Debt which is incurred to finance the acquisition of such property or assets, provided that (i) each such Lien shall be created simultaneously with, or within twelve months after, the acquisition of the related property or assets; (ii) each such Lien does not at any time encumber any property other than the related property or assets financed by such Debt; (iii) the principal amount of Debt secured by each such Lien is not increased; and (iv) the principal amount of Debt secured by each such Lien shall at no time exceed 100% of the original purchase price of such related property or assets at the time acquired;

(i) Liens consisting of judgment or judicial attachment Liens, provided that (i) the claims giving rise to such Liens are being diligently contested in good faith by appropriate proceedings, (ii) adequate reserves for the obligations secured by such Liens have been established and (iii) enforcement of such Liens has been stayed;

(j) Liens created or deemed to exist in connection with any asset securitization program (including any related filings of any financing statements), but only to the extent that such Liens attach to the assets actually sold, contributed, financed or otherwise conveyed or pledged in connection with such securitization program;

(k) Liens on property or assets of the Borrower or any Restricted Subsidiary securing indebtedness owing to the Borrower or any other Credit Party;

(l) Liens on coal reserves leased by the Borrower or by any Restricted Subsidiary as lessee, securing Debt to the lessors thereof, arising out of such leases;

(m) Liens on any Margin Stock purchased or carried by the Borrower or any of its Subsidiaries;

(n) The extension, renewal or replacement of any Lien permitted by clauses (a), (g), (h) or (l), but only if the principal amount of Debt secured by the Lien immediately prior thereto is not increased and the Lien is not extended to other property; and

(o) In addition to any Lien permitted by clauses (a) through (n), immediately after giving effect to any concurrent repayment of secured Debt, Liens securing Debt of the Borrower or any Restricted Subsidiary so long as the sum of (A) the aggregate principal amount of all such secured Debt plus (B) the aggregate amount of Consolidated Lease Rentals (excluding Consolidated Lease Rentals under Leases in effect as of December 31, 1999 (and any renewal, extension or replacement thereof) and Leases with respect to property not owned by the Borrower on such date), discounted to present value at ten percent (10%), compounded annually, arising out of all Sale and Leaseback Transactions to which the Borrower or any of its Restricted Subsidiaries is then a party (including Sale and Leaseback Transactions, if any, entered into pursuant to Section 9.9), does not exceed 10% of Consolidated Net Worth;

provided that the sale or transfer of (i) coal, oil, gas or other minerals in place for a period of time until, or in an amount such that, the transferee will realize therefrom a specified amount of money (however determined) or a specified amount of such coal or other minerals or (ii) any other interest in property of the character commonly referred to as a "production payment" shall not be deemed to constitute Debt secured by a Lien.

Section 9.3 Disposition of Debt and Shares of Restricted Subsidiaries; Issuance of Shares by Restricted Subsidiaries; Consolidation, Merger or Disposition of Assets.

(a) Sell or otherwise dispose of, or permit any Restricted Subsidiary to sell or otherwise dispose of, any capital stock or any Debt of any Restricted Subsidiary, other than the sale of the capital stock of any member of the Pittston Minerals Group, (b) in the case of any Restricted Subsidiary, issue, sell or otherwise dispose of any of such Restricted Subsidiary's capital stock (other than directors' qualifying shares, to satisfy preemptive rights or in connection with a split or combination of shares or a dividend in shares) except to the Borrower or another Restricted Subsidiary, (c) liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), or permit any Restricted Subsidiary to liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), or (d) directly or indirectly, or permit any

Restricted Subsidiary to directly or indirectly, consolidate with or merge with or into or sell, lease or otherwise dispose of all or substantially all of its assets (other than the sale of all or any part of the assets of any member of the Pittston Minerals Group) to any Person, unless, after giving effect thereto, all of the following conditions shall be met:

(i) the Leverage Ratio shall not be greater than 0.55 to 1.00 and the Interest Coverage Ratio shall not be less than 3.00 to 1.00;

(ii) in the case of a merger or consolidation, (A) if the Borrower is a party thereto, the Borrower shall be the surviving corporation, (B) if the Borrower is not a party thereto and another Credit Party is a party thereto, a Credit Party shall be the surviving corporation and (C) if no Credit Party is a party thereto, a Restricted Subsidiary shall be the surviving corporation;

(iii) in the case of a liquidation, winding-up or dissolution, any Credit Party (other than the Borrower) or any Restricted Subsidiary may liquidate, wind-up or dissolve itself into a Credit Party or a Restricted Subsidiary; and

(iv) no Default or Event of Default has occurred and is continuing.

Provided that the conditions of this Section 9.3 are satisfied, none of the foregoing provisions shall be deemed to prohibit the Borrower or any of its Restricted Subsidiaries from selling, transferring, assigning or otherwise disposing of Margin Stock for fair market value or selling, contributing, financing or otherwise conveying or pledging assets in connection with any asset securitization program permitted by Section 9.2(j).

#### Section 9.4 Transactions with Affiliates.

Engage, or permit any Restricted Subsidiary to engage, directly or indirectly, in any transaction with an Affiliate (other than a Credit Party) on terms more favorable to the Affiliate than would have been obtainable in arm's-length dealing.

#### Section 9.5 Compliance with Regulations T, U and X.

In the case of the Borrower and any Subsidiary of the Borrower, purchase or carry any Margin Stock or incur, create or assume any obligation for borrowed money or other liability or make any investment, capital contribution, loan, advance or extension of credit or sell or otherwise dispose of any assets or pay any dividend or make any other distribution to its shareholders or take or permit to be taken any other action or permit to occur or exist any event or condition if such action, event or condition would result in this Agreement, the Loans, the use of the proceeds thereof or the other transactions contemplated hereby violating Regulation T, U or X.

#### Section 9.6 Hedging Agreements.

Enter into or permit to exist, or permit any Restricted Subsidiary to enter into or permit to exist, Hedging Agreements for the purpose of speculation and not for the purpose of hedging risks associated with the businesses of the Borrower and its Restricted Subsidiaries.

#### Section 9.7 ERISA.

(a) Terminate, or permit any of its Restricted Subsidiaries to terminate, any Pension Plan under circumstances which would reasonably result in a material liability of the Borrower or any ERISA Affiliate to the PBGC, or permit to exist the occurrence of any Reportable Event or any other event or condition which presents a material risk of such a termination by the PBGC; (b) engage, or permit any of its Subsidiaries or any Pension Plan to engage, in a "prohibited transaction" (within the meaning of Section 406 of ERISA or Section 4975 of the Code) that would reasonably result in material liability of the Borrower or any of its Restricted Subsidiaries; (c) fail, or permit any of its Restricted Subsidiaries to fail, to make any contribution to a Multiemployer Plan which is required by ERISA or an applicable collective bargaining agreement in an amount which is material (except to the extent there is a good faith dispute as to whether any contribution is owed, the amount owed or the existence of facts that would give rise to a withdrawal); or (d) completely or partially withdraw, or permit any of its Restricted Subsidiaries to completely or partially withdraw, from a Multiemployer Plan, if such complete or partial withdrawal will result in any material withdrawal liability under Title IV of ERISA. For purposes of this Section 9.7, an amount is material if it would have a Material Adverse Effect after aggregation with all other liabilities described in this Section 9.7.

#### Section 9.8 Limitations on Acquisitions.

Acquire, or permit any Restricted Subsidiary to acquire, all or any portion of the capital stock or other ownership interest in any Person which is not then a Restricted Subsidiary or all or any substantial portion of the assets, property and/or operations of a Person which is not then a Restricted Subsidiary, unless:

(a) the aggregate consideration paid by the acquiror in such transaction does not exceed 10% of Consolidated Total Assets as of the end of the Fiscal Year most recently ended; or

(b) in the event that the aggregate consideration to be paid by the acquiror in such transaction exceeds 10% of Consolidated Total Assets as of the end of the Fiscal Year most recently ended, (i) the Borrower shall have notified the Administrative Agent at least five Business Days prior to the consummation thereof that such an acquisition is pending (furnishing with such information reasonably acceptable to the Administrative Agent demonstrating pro forma compliance with the financial covenants set forth in Section 9.1), and (ii) after giving effect to such acquisition on a pro forma basis, no Default or Event of Default would exist under Section 9.1. Any notice delivered to the Administrative Agent pursuant to this Section 9.8 shall be kept confidential by the Administrative Agent in accordance with Section 13.9.7 below.

#### Section 9.9 Sale Leaseback Transactions.

Sell or transfer, or permit any Restricted Subsidiaries to sell or transfer, any material property or assets owned by the Borrower or any Restricted Subsidiary on the Closing Date to any Person (other than any Credit Party) with the intention of taking back a lease of such property or assets or any similar property or assets, if the sum of (A) the amount of Consolidated Lease Rentals, discounted to present value at 10%, compounded annually, which would arise out of such proposed Sale and Leaseback Transaction, plus (B) the aggregate amount of Consolidated Lease Rentals (excluding Consolidated Lease Rentals under Leases in effect as of December 31, 1999 (and any renewal, extension or replacement thereof) and Leases with respect to property not owned by the Borrower on such date), discounted to present value at ten percent (10%), compounded annually, arising out of all other Sale and Leaseback Transactions to which the Borrower or any of its Restricted Subsidiaries is then a party, plus (C) the aggregate principal amount of all Debt of the Borrower or any Restricted Subsidiary secured by Liens incurred in reliance on Section 9.2(o), would exceed 10% of Consolidated Net Worth.

#### Section 9.10 Limitations on Investments.

Make or permit to exist, or permit any Restricted Subsidiary to make or permit to exist, any Investment, other than Investments which are:

(a) cash and Cash Equivalents;

(b) current assets generated in the ordinary course of business;

(c) accounts receivable created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(d) Investments consisting of capital stock, obligations, securities or other property received in settlement of accounts receivable (created in the ordinary course of business) from bankrupt obligors;

(e) advances to employees for moving and travel expenses, drawing accounts and similar expenditures in the ordinary course of business;

(f) advances or loans to directors, officers and employees that do not exceed \$25,000,000 in the aggregate at any one time outstanding;

(g) advances or loans to customers and suppliers in the ordinary course of business in an aggregate amount consistent with the past practice of the Person making such advance or loan;

(h) loans to shareholders intended to constitute dividends on, or payment on account of, any capital stock;

(i) Investments or Support Obligations by the Borrower and its Restricted Subsidiaries existing on the Closing Date;

(j) Investments by the Borrower or its Restricted Subsidiaries in any Credit Party or any other Subsidiary (provided that such Investment would not otherwise constitute a breach of Section 9.8);

(k) Support Obligations of the Borrower or its Restricted Subsidiaries for the benefit of any Credit Party or any other Subsidiary;

(l) acquisitions permitted by Section 9.8;

(m) Investments in connection with the management of Pension Plans and other benefit plans of the Borrower and its Subsidiaries (including without limitation The Pittston Company Employee Welfare Benefit Trust);

(n) Hedging Agreements permitted by Section 9.6; and

(o) Investments of a nature not contemplated in the foregoing subsections in an amount not to exceed 10% of Consolidated Net Worth.

## ARTICLE X

### GUARANTY

#### Section 10.1 Guaranty of Payment.

Subject to Section 10.7 below, each Guarantor hereby unconditionally guarantees to each Lender and the Administrative Agent the prompt payment of the Guaranteed Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise). This guaranty is a guaranty of payment and not solely of collection and is a continuing guaranty and shall apply to all Guaranteed Obligations whenever arising.

#### Section 10.2 Obligations Unconditional.

The obligations of the Guarantors hereunder are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of this Agreement, or any other agreement or instrument referred to herein, to the fullest extent permitted by Applicable Law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor. Each Guarantor agrees that this guaranty may be enforced by the Lenders without the necessity at any time of resorting to or exhausting any security or collateral and without the necessity at any time of having recourse to the Notes, this Agreement or any other Loan Document or any collateral, if any, hereafter securing the Guaranteed Obligations or otherwise and each Guarantor hereby waives the right to require the Lenders to proceed against any other Guarantor or any other Person (including a co-guarantor) or to require the Lenders to pursue any other remedy or enforce any other right. Each Guarantor further agrees that it shall have no right of subrogation, indemnity, reimbursement or contribution against any other Guarantor (or any other guarantor of the Guaranteed Obligations) for amounts paid under this guaranty until such time as the Lenders have been paid in full,

all commitments under this Agreement have been terminated and no Person or Governmental Authority shall have any right to request any return or reimbursement of funds from the Lenders in connection with monies received under this Agreement. Each Guarantor further agrees that nothing contained herein shall prevent the Lenders from suing on the Notes, this Agreement or any other Loan Document or foreclosing its security interest in or Lien on any collateral, if any, securing the Guaranteed Obligations or from exercising any other rights available to it under this Agreement, the Notes, or any other instrument of security, if any, and the exercise of any of the aforesaid rights and the completion of any foreclosure proceedings shall not constitute a discharge of any Guarantor's obligations hereunder; it being the purpose and intent of each Guarantor that its obligations hereunder shall be absolute, independent and unconditional under any and all circumstances. Neither a Guarantor's obligations under this guaranty nor any remedy for the enforcement thereof shall be impaired, modified, changed or released in any manner whatsoever by an impairment, modification, change, release or limitation of the liability of any other Guarantor or by reason of the bankruptcy or insolvency of such other Guarantor. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance of by the Administrative Agent or any Lender upon this guaranty or acceptance of this guaranty. The Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this guaranty. All dealings between the Borrower and the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this guaranty.

#### Section 10.3 Modifications.

Each Guarantor agrees that (a) all or any part of the security which hereafter may be held for the Guaranteed Obligations, if any, may be exchanged, compromised or surrendered from time to time; (b) the Lenders shall not have any obligation to protect, perfect, secure or insure any such security interests or Liens which hereafter may be held, if any, for the Guaranteed Obligations or the properties subject thereto; (c) the time or place of payment of the Guaranteed Obligations may be changed or extended, in whole or in part, to a time certain or otherwise, and may be renewed or accelerated, in whole or in part; (d) the Borrower and any other party liable for payment under this Agreement may be granted indulgences generally; (e) any of the provisions of the Notes, this Agreement or any other Loan Document may be modified, amended or waived; (f) any party (including any co-guarantor) liable for the payment thereof may be granted indulgences or be released; and (g) any deposit balance for the credit of the Borrower or any other party liable for the payment of the Guaranteed Obligations or liable upon any security therefor may be released, in whole or in part, at, before or after the stated, extended or accelerated maturity of the Guaranteed Obligations, all without notice to or further assent by such Guarantor, which shall remain bound thereon, notwithstanding any such exchange, compromise, surrender, extension, renewal, acceleration, modification, indulgence or release.

#### Section 10.4 Waiver of Rights.

Each Guarantor expressly waives to the fullest extent permitted by applicable law: (a) notice of acceptance of this guaranty by the Lenders and of



all Extensions of Credit to the Borrower by the Lenders; (b) presentment and demand for payment or performance of any of the Guaranteed Obligations; (c) protest and notice of dishonor or of default (except as specifically required in this Agreement) with respect to the Guaranteed Obligations or with respect to any security therefor; (d) notice of the Lenders obtaining, amending, substituting for, releasing, waiving or modifying any Lien, if any, hereafter securing the Guaranteed Obligations, or the Lenders' subordinating, compromising, discharging or releasing such Liens, if any; (e) all other notices to which the Borrower might otherwise be entitled in connection with the guaranty evidenced by this Article X; and (f) demand for payment under this guaranty. Without limiting the generality of the foregoing, each Guarantor hereby specifically waives the benefits of N.C. Gen. Stat. Sections 26-7 through 26-9, inclusive, to the extent applicable.

#### Section 10.5 Reinstatement.

The obligations of each Guarantor under this Article X shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify the Administrative Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by the Administrative Agent or such Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

#### Section 10.6 Remedies.

Each Guarantor agrees that, as between such Guarantor, on the one hand, and the Administrative Agent and the Lenders, on the other hand, the Guaranteed Obligations may be declared to be forthwith due and payable as provided in Section 11.2 (and shall be deemed to have become automatically due and payable in the circumstances provided in Section 11.2) notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing such Guaranteed Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or such Guaranteed Obligations being deemed to have become automatically due and payable), such Guaranteed Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by such Guarantor.

#### Section 10.7 Limitation of Guaranty.

Notwithstanding any provision to the contrary contained herein, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of such Guarantor hereunder shall be limited to the maximum amount that is permissible under Applicable Law (whether federal or state and including, without limitation, the Federal Bankruptcy Code (as now or hereinafter in effect)).

## Section 10.8 Termination of Guaranty Upon Divestiture

The obligations of any Guarantor under this Article X shall automatically terminate as to such Guarantor upon any consolidation, merger, sale or other disposition made in accordance with Section 9.3 as a result of which such Guarantor is no longer a Subsidiary of the Borrower immediately after the consummation of such transaction. For the avoidance of doubt, the obligations of Pittston Minerals Group, Inc. and Pittston Coal Company, as Guarantors shall automatically terminate upon the sale of the capital stock of any member of the Pittston Minerals Group to a Person which is not an Affiliate of the Borrower or the sale of all or any substantial part of the assets of any member of the Pittston Minerals Group to any such Person.

## ARTICLE XI

### DEFAULT AND REMEDIES

#### Section 11.1 Events of Default.

Each of the following shall constitute an Event of Default, whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any Governmental Authority or otherwise:

11.1.1 Default in Payment of Principal of or Interest or Fees on Loans and Reimbursement Obligation. The Borrower shall default in any payment of principal of, or any interest or fees on, any Loan, Note or Reimbursement Obligation when and as due (whether at maturity, by reason of acceleration or otherwise), and such default shall continue unremedied for three (3) Business Days.

11.1.2 Other Payment Default. The Borrower shall default in the payment when and as due (whether at maturity, by reason of acceleration or otherwise) of any other amounts owing on any Loan, Note or Reimbursement Obligation or the payment of any other Obligation (other than any Obligation under any Hedging Agreement), and such default shall continue unremedied for three (3) Business Days after written notice thereof from the Administrative Agent or any Lender.

11.1.3 Misrepresentation. Any representation, warranty or statement made or deemed to be made by the Borrower under this Agreement, any Loan Document or any amendment hereto or thereto or in any certificate delivered to the Administrative Agent or to any Lender pursuant hereto and thereto, shall at any time prove to have been incorrect in any material respect when made or deemed made.

11.1.4 Default in Performance of Certain Covenants. The Borrower shall default in the performance or observance of any covenant or agreement contained in Section 9.1, 9.3, 9.5 or 9.8(b)(ii).

11.1.5 Default in Performance of Other Covenants and Conditions. Any Credit Party shall default in the performance or observance of any term,

covenant, condition or agreement contained in this Agreement (other than as specifically provided for in Sections 11.1.1 through 11.1.4) or any other Loan Document and such default shall continue for a period of thirty (30) days after the earlier of a Responsible Officer of the Borrower having actual knowledge of such default or receipt by the Borrower of written notice thereof from the Administrative Agent or any Lender.

11.1.6 Debt Cross-Default. The Borrower or any Restricted Subsidiary shall (a) default in the payment when due, beyond any grace period permitted from time to time, of any Debt (other than Debt incurred by any Credit Party under this Agreement) heretofore or hereafter issued, assumed, guaranteed, contracted or incurred by it, and the aggregate amount of such Debt equals or exceeds \$25,000,000 (or equivalent), (b) default in the performance or observance of any other covenant or provision of any agreement or instrument under or by which any Debt (other than Debt incurred by any Credit Party under this Agreement) is created, evidenced or secured, if the effect of such default pursuant to this clause (b) is to cause, or to permit the holder or holders of such Debt (or a trustee on its or their behalf) to cause, and such holder or holders or trustees does cause, such Debt to become due prior to its stated maturity, and the aggregate amount of the Debt the maturity of which is so accelerated pursuant to this clause (b) equals or exceeds \$25,000,000 (or equivalent), or (c) be required to prepay any Debt (other than (A) Debt incurred by any Credit Party under this Agreement, (B) the redemption of any preferred stock classified as Debt pursuant to any mandatory redemption provision, and (C) any conversion of Debt (including preferred stock classified as Debt) to capital stock pursuant to any conversion right or option) prior to the maturity thereof other than by regularly scheduled principal payments if the aggregate amount of such Debt which is required to be prepaid equals or exceeds \$25,000,000.

11.1.7 Change in Control. A Change in Control shall have occurred.

11.1.8 Voluntary Bankruptcy Proceeding. Any Credit Party shall (i) commence a voluntary case under the federal bankruptcy laws (as now or hereafter in effect), (ii) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition for adjustment of debts, (iii) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws, (iv) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of a substantial part of its property, domestic or foreign, (v) admit in writing its inability to pay its debts as they become due, (vi) make a general assignment for the benefit of creditors, or (vii) take any corporate action for the purpose of authorizing any of the foregoing.

11.1.9 Involuntary Bankruptcy Proceeding. A case or other proceeding shall be commenced against any Credit Party in any court of competent jurisdiction seeking (i) relief under the federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition for adjustment of debts, or (ii) the appointment of a trustee, receiver, custodian, liquidator or the like for any Credit Party or for all or any substantial part of their respective assets, domestic or foreign, and such case or proceeding shall continue without dismissal or stay for a period of sixty (60) consecutive days, or an order granting the relief requested in such case or proceeding (including,

but not limited to, an order for relief under such federal bankruptcy laws) shall be entered.

11.1.10 [Intentionally Omitted.]

11.1.11 Similar Events. Any event occurs or any proceeding is taken with respect to any Credit Party in any jurisdiction to which it is subject which has an effect equivalent or similar to any of the events set forth in Sections 11.1.8 or 11.1.9.

11.1.12 Judgment. A judgment or order for the payment of money which causes the aggregate amount of all such judgments to exceed \$25,000,000 in any Fiscal Year shall be entered against the Borrower or any Restricted Subsidiary by any court and such judgment or order shall not, within sixty (60) days after entry thereof, be bonded, discharged or stayed pending appeal, or shall not be discharged within sixty (60) days after the expiration of such stay.

11.1.13 Guaranty. At any time after the execution and delivery thereof, the guaranty given by a Guarantor hereunder or any provision thereof shall cease to be in full force or effect as to such Guarantor, except as provided in Sections 10.7 and 10.8, or such Guarantor or any Person acting by or on behalf of such Guarantor shall deny or disaffirm such Guarantor's obligations under such guaranty.

11.1.14 ERISA. An event described in each clause (i), (ii) and (iii) below shall have occurred: (i) any Pension Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof under Section 412 of the Code or Section 302 of ERISA or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code or Section 303 or 304 of ERISA, a Reportable Event shall have occurred, a contributing sponsor (as defined in Section 4001(a)(13) of ERISA) of a Pension Plan subject to Title IV of ERISA shall be subject to the advance reporting requirement of PBGC Regulation Section 4043.61 (without regard to subparagraph (b)(1) thereof) and an event described in subsection .62, .63, .64, .65, .66, .67 or .68 of PBGC Regulation Section 4043 shall be reasonably expected to occur with respect to such Pension Plan within the following thirty (30) days, any Pension Plan which is subject to Title IV of ERISA shall have had or is likely to have a trustee appointed to administer such Pension Plan, any Pension Plan which is subject to Title IV of ERISA is, shall have been or is likely to be terminated or to be the subject of termination proceedings under ERISA, any Pension Plan shall have an Unfunded Current Liability, a contribution required to be made with respect to a Pension Plan or a Foreign Pension Plan has not been timely made, the Credit Parties or any of their Subsidiaries or any ERISA Affiliate has incurred or is likely to incur any liability to or on account of a Pension Plan under Section 409, 502(i), 502(1), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code or on account of a group health plan (as defined in Section 607(1) of ERISA or Section 4980B(g)(2) of the Code) under Section 4980B of the Code, or the Credit Parties or any of their Subsidiaries has incurred or is likely to incur liabilities pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) that provide benefits to retired employees or other former employees (other than as required by Section 601 of ERISA) or Pension Plans or Foreign Pension Plans; (ii) there shall result from any such event or events the imposition of a lien, the granting of a security interest or a liability or a material risk of such a lien being imposed, such security interest being granted or such liability being incurred, and (iii) such lien,

security interest or liability, individually, and/or in the aggregate, has a Material Adverse Effect.

11.1.15 Material Adverse Effect. The occurrence of any circumstance, development, event or condition which has a Material Adverse Effect.

## Section 11.2 Remedies.

Upon the occurrence of an Event of Default, with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower and each of the other Credit Parties:

11.2.1 Acceleration: Termination of Facilities. Declare the principal of and interest on the Loans, the Notes and the Reimbursement Obligations at the time outstanding, and all other amounts owed to the Lenders and to the Administrative Agent under this Agreement or any of the other Loan Documents (other than any Hedging Agreement) (including, without limitation, all L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) and all other Obligations (other than Obligations owing under any Hedging Agreement), to be forthwith due and payable, whereupon the same shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived, anything in this Agreement or the other Loan Documents to the contrary notwithstanding, and terminate the Credit Facility and any right of the Borrower to request borrowings or Letters of Credit thereunder; provided, that upon the occurrence of an Event of Default specified in Sections 11.1.8, 11.1.9 or 11.1.11 with respect to any of the Credit Parties, the Credit Facility shall be automatically terminated and all Obligations (other than obligations owing under any Hedging Agreement) shall automatically become due and payable.

11.2.2 Letters of Credit. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to the preceding paragraph, require the Borrower at such time to deposit or cause to be deposited in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof, if any, remaining after all such Letters of Credit shall have expired or been fully drawn upon shall be applied to repay any other unpaid Obligations. After all such Letters of Credit shall have expired or been fully drawn upon, the Reimbursement Obligations shall have been satisfied and all other Obligations shall have been paid in full, the balance, if any, in such cash collateral account shall be promptly returned to the Borrower.

11.2.3 Rights of Collection. Exercise on behalf of the Lenders all of its other rights and remedies under this Agreement, the other Loan Documents and Applicable Law, in order to satisfy all of the Obligations.

Section 11.3 Rights and Remedies Cumulative; Non-Waiver; etc.

The enumeration of the rights and remedies of the Administrative Agent and the Lenders set forth in this Agreement is not intended to be exhaustive and the exercise by the Administrative Agent and the Lenders of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder or under the Loan Documents or that may now or hereafter exist in law or in equity or by suit or otherwise. No delay or failure to take action on the part of the Administrative Agent or any Lender in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of Default. No course of dealing between the Credit Parties, the Administrative Agent and the Lenders or their respective agents or employees shall be effective to change, modify or discharge any provision of this Agreement or any of the other Loan Documents or to constitute a waiver of any Event of Default.

ARTICLE XII

THE ADMINISTRATIVE AGENT

Section 12.1 Appointment.

Each of the Lenders hereby irrevocably designates and appoints Bank of America as Administrative Agent of such Lender under this Agreement and the other Loan Documents for the term hereof and each such Lender irrevocably authorizes Bank of America as Administrative Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and such other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement or such other Loan Documents, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein and therein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or the other Loan Documents or otherwise exist against the Administrative Agent. Any reference to the Administrative Agent in this Article XII shall be deemed to refer to the Administrative Agent solely in its capacity as Administrative Agent and not in its capacity as a Lender.

Section 12.2 Delegation of Duties.

The Administrative Agent may execute any of its respective duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by the Administrative Agent with reasonable care.

### Section 12.3 Exculpatory Provisions.

Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact, Subsidiaries or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or the other Loan Documents (except for actions occasioned solely by its or such Person's own gross negligence or willful misconduct), or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Credit Party or any of its Subsidiaries or any officer thereof contained in this Agreement or the other Loan Documents or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or the other Loan Documents or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or the other Loan Documents or for any failure of any Credit Party or any of its Subsidiaries to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of any Credit Party or any of its Subsidiaries.

### Section 12.4 Reliance by the Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or communications believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Credit Parties), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless such Note shall have been transferred in accordance with Section 13.9 hereof. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement and the other Loan Documents unless it shall first receive such advice or concurrence of the Required Lenders (or, when expressly required hereby or by the relevant other Loan Document, all the Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action except for its own gross negligence or willful misconduct. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the Notes in accordance with a request of the Required Lenders (or, when expressly required hereby, all the Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Notes.

### Section 12.5 Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless it has received notice from a Lender or the Credit Parties referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Administrative Agent

receives such a notice, it shall promptly give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders, except to the extent that other provisions of this Agreement expressly require that any such action be taken or not be taken only with the consent and authorization or the request of the Lenders or Required Lenders, as applicable.

#### Section 12.6 Non-Reliance on the Administrative Agent and Other Lenders.

Each Lender expressly acknowledges that neither the Administrative Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact, Subsidiaries or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Credit Parties or any of their respective Subsidiaries, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Credit Parties and their respective Subsidiaries and made its own decision to make its Loans and issue or participate in Letters of Credit hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Credit Parties and their respective Subsidiaries. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder or by the other Loan Documents, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of any Credit Party or any of its Subsidiaries which may come into the possession of the Administrative Agent or any of its respective officers, directors, employees, agents, attorneys-in-fact, Subsidiaries or Affiliates.

#### Section 12.7 Indemnification.

The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Credit Parties and without limiting any obligation of the Credit Parties to do so), ratably according to the respective amounts of their Aggregate Revolving Credit Commitment Percentages from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes or any Reimbursement Obligation) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or the other Loan Documents, or any documents contemplated by or referred to herein or therein or the transactions



contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent they result from the Administrative Agent's bad faith, gross negligence or willful misconduct. The agreements in this Section 12.7 shall survive the payment of the Notes, any Reimbursement Obligation and all other amounts payable hereunder and the termination of this Agreement.

#### Section 12.8 The Administrative Agent in Its Individual Capacity.

The Administrative Agent and its respective Subsidiaries and Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Credit Parties as though the Administrative Agent were not an Administrative Agent hereunder. With respect to any Loans made or renewed by it and any Note issued to it and with respect to any Letter of Credit issued by it or participated in by it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

#### Section 12.9 Resignation of the Administrative Agent; Successor Administrative Agent.

Subject to the appointment and acceptance of a successor as provided below, the Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Credit Parties. Upon any such resignation, the Required Lenders shall have the right, subject to the approval of the Borrower so long as no Default or Event of Default has occurred and is continuing (which approval will not be unreasonably withheld), to appoint from among the other Lenders a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders and been approved by the Borrower (if the approval of the Borrower is required) or have accepted such appointment within thirty (30) days after the Administrative Agent's giving of notice of resignation, then the Administrative Agent may appoint, subject to the approval of the Borrower so long as no Default or Event of Default has occurred and is continuing (which approval will not be unreasonably withheld), a successor Administrative Agent, which successor shall have minimum capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Section 12.9 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Notices.

13.1.1 Method of Communication. Except as otherwise provided in Article II, all notices and communications hereunder shall be in writing. Any notice shall be effective if delivered by hand delivery or sent via telecopy, recognized overnight courier service or certified mail, return receipt requested, and shall be deemed to have been delivered (i) on the date of delivery if delivered by hand, (ii) on the Business Day of (or next following) transmission when transmitted or sent by telecopy, (iii) on the next Business Day after delivery to a recognized overnight courier service and (iv) on the fifth Business Day following the date sent by certified mail, return receipt requested. A telephonic notice to the Administrative Agent as understood by the Administrative Agent will be deemed to be the controlling and proper notice in the event of a discrepancy with or failure to receive a confirming written notice.

13.1.2 Addresses for Notices. Notices to any party shall be sent to it at the following addresses, or any other address as to which all the other parties are notified in writing.

If to the Borrower:       The Pittston Company  
                                  1801 Bayberry Court  
                                  P. O. Box 18100  
                                  Richmond, VA 23226  
                                  Telephone: (804) 289-9600  
                                  Telecopier: (804) 289-9770  
                                  Attention: Treasurer

If to the initial Guarantors:

To the addresses set forth below their respective signatures on the signature pages hereto

If to any subsequent Guarantors:

To the address set forth in the related Guarantor Joinder Agreement

If to Bank of America as  
Administrative Agent:

Bank of America, N.A.  
101 N. Tryon Street  
Independence Center, 15th Floor  
NC1-001-15-04  
Charlotte, North Carolina 28255  
Attn: Loretta Summers  
Agency Services  
Telephone: (704) 386-8958  
Telecopy: (704) 409-0022

With a copy to:

Bank of America, N.A.  
100 North Tryon Street, 17th Floor  
Charlotte, North Carolina 28255  
Attn: Michael J. McKenney  
Telephone: (704) 388-5920  
Telecopy: (704) 388-0960

If to any Lender:

To the address set forth on Schedule 13.1 hereto

13.1.3 Administrative Agent's Office. The Administrative Agent hereby designates its office located at the address set forth above, or any subsequent office which shall have been specified for such purpose by written notice to the Credit Parties and the Lenders, as the Administrative Agent's Office referred to herein, to which payments due are to be made and at which Loans will be disbursed.

Section 13.2 Expenses, Indemnity.

Each party to this Agreement agrees to pay all its own fees and expenses in connection with the Loan Documents and any amendment, modification or waiver of the terms thereof; provided, however, that the Borrower agrees to (a) pay all reasonable out-of-pocket expenses of the Administrative Agent and the Arranger in connection with (i) the preparation, execution and delivery of this Agreement and each other Loan Document, whenever the same shall be executed and delivered, including without limitation the reasonable out-of-pocket syndication and due diligence expenses and reasonable fees and disbursements of one counsel representing the Administrative Agent and (ii) where applicable, the preparation, execution and delivery of any waiver, amendment or consent by the Administrative Agent, the Arranger or the Lenders relating to this Agreement or any other Loan Document, including without limitation reasonable fees and disbursements of counsel representing the Administrative Agent and the Lenders, and (b) pay all reasonable out-of-pocket expenses of the Administrative Agent,

the Arranger and each Lender actually incurred in connection with the enforcement of any rights and remedies of the Administrative Agent, the Arranger and the Lenders under the Credit Facility, including, to the extent reasonable under the circumstances, consulting with accountants, attorneys and other Persons concerning the nature, scope or value of any right or remedy of the Administrative Agent, the Arranger or any Lender hereunder or under any other Loan Document or any factual matters in connection therewith, which expenses shall include without limitation the reasonable fees and disbursements of such Persons. The Borrower hereby indemnifies, exonerates and holds the Administrative Agent, the Arranger and the Lenders, and each of their respective Affiliates, officers, directors, employees and agents (each an "Indemnitee") free and harmless from and against any and all losses, penalties, fines, liabilities, settlements, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, reasonable consultants' fees and settlement costs) (collectively, the "Indemnified Liabilities") incurred by any Indemnitee in connection with any claim, investigation, litigation or other proceeding (whether or not the Administrative Agent, the Arranger or any Lender is a party thereto) and the prosecution and defense thereof, arising out of or in any way connected with the Credit Facility, the Loans, the Letters of Credit, this Agreement or any other Loan Document or as a result of the breach of any of the Credit Parties' obligations hereunder, except for any such Indemnified Liabilities arising from the account of a particular Indemnitee by reason of the relevant Indemnitee's gross negligence or willful misconduct as determined by a final and nonappealable decision of a court of competent jurisdiction. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

Section 13.3 [Intentionally Omitted.]

Section 13.4 Governing Law.

This Agreement, the Notes and the other Loan Documents, unless otherwise expressly set forth therein, shall be governed by, construed and enforced in accordance with the laws of the State of North Carolina, without giving effect to the conflict of law principles thereof.

Section 13.5 Consent to Jurisdiction.

Each of the parties hereto hereby irrevocably consents to the personal jurisdiction of the state and federal courts located in Charlotte, North Carolina, in any action, claim or other proceeding arising out of any dispute in connection with this Agreement, the Notes and the other Loan Documents, any rights or obligations hereunder or thereunder, or the performance of such rights and obligations. Each of the parties hereto hereby irrevocably consents to the service of a summons and complaint and other process in any action, claim or proceeding brought by any other party hereto in connection with this Agreement, the Notes or the other Loan Documents, any rights or obligations hereunder or thereunder, or the performance of such rights and obligations, on behalf of itself or its property, in the manner specified in Section 13.1. Nothing in this Section 13.5 shall affect the right of any of the parties hereto to serve legal process in any other manner permitted by Applicable Law or affect the right of any of the parties hereto to bring any action or proceeding against any other party hereto or its properties in the courts of any other jurisdictions.

Section 13.6 Waiver of Jury Trial.

THE ADMINISTRATIVE AGENT, EACH LENDER AND EACH CREDIT PARTY HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THEIR RESPECTIVE RIGHTS TO A JURY TRIAL WITH RESPECT TO ANY ACTION, CLAIM OR OTHER PROCEEDING ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, THE NOTES OR THE OTHER LOAN DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER, OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS.

Section 13.7 Reversal of Payments.

To the extent any Credit Party makes a payment or payments to the Administrative Agent for the ratable benefit of the Lenders or the Administrative Agent receives any payment or proceeds of the collateral which payments or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds repaid, the Obligations or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment or proceeds had not been received by the Administrative Agent.

Section 13.8 Accounting Matters.

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time, provided that, if the Borrower notifies the Administrative Agent that the Credit Parties request an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Credit Parties that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance therewith.

Section 13.9 Successors and Assigns; Participations; Confidentiality.

13.9.1 Benefit of Agreement. This Agreement shall be binding upon and inure to the benefit of the Credit Parties, the Administrative Agent, the Arranger and the Lenders, all future holders of the Notes, and their respective successors and permitted assigns, except that neither the Credit Parties nor, except as permitted by Section 12.9, the Administrative Agent shall assign or transfer any of their rights or obligations under this Agreement.

13.9.2 Assignment by Lenders. Each Lender may assign to one or more Eligible Assignees all or a portion of its interests, rights and obligations under this Agreement (including, without limitation, all or a portion of the Extensions of Credit at the time owing to it and the Note held by it) provided that:

(a) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Lender's Aggregate Revolving Credit Commitment and all other rights and obligations under this Agreement;

(b) except in the case of assignment to another Lender or to an Affiliate of the assigning Lender in which case there shall be no minimum, if less than all of the assigning Lender's Aggregate Revolving Credit Commitment or Loans is to be assigned, the Aggregate Revolving Credit Commitment or Loans so assigned shall not be less than \$10,000,000 and the remaining Aggregate Revolving Credit Commitment of the assigning Lender shall not be less than \$10,000,000 (or shall be zero);

(c) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance in the form of Exhibit G attached hereto (an "Assignment and Acceptance");

(d) such assignment shall not, without the consent of the Borrower, on behalf of itself and the other Credit Parties, require the Borrower, or any other Credit Party, to file a registration statement with the Securities and Exchange Commission or apply to or qualify the Loans or the Notes under the blue sky laws of any state; and

(e) the assigning Lender shall pay to the Administrative Agent an assignment fee of \$3,500 upon the execution by such Lender of the Assignment and Acceptance (including, but not limited to, an assignment by a Lender to another Lender but excluding an assignment by a Lender to an Affiliate of the assigning Lender).

Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least ten (10) Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned in such Assignment and Acceptance, have the rights and obligations of a Lender hereby and (B) the Lender thereunder shall, to the extent of the interest assigned in such assignment, be released from its obligations under this Agreement.

13.9.3 Rights and Duties Upon Assignment. By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as set forth in such Assignment and Acceptance.

13.9.4 Register. The Administrative Agent shall maintain a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders and the amount of the Extensions of Credit with respect to each Lender from time to time (the "Register"). No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent, the Arranger and the Lenders may treat each person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for

inspection by the Borrower or Lenders at any reasonable time and from time to time upon reasonable prior notice.

13.9.5 Issuance of New Notes, Etc. Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an Eligible Assignee, together with any Note of such assigning Lender if such Lender is assigning all of its interests hereunder, and any required written consent to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is substantially in the form of Exhibit G:

- (a) accept such Assignment and Acceptance;
- (b) record the information contained therein in the Register;
- (c) give prompt notice thereof to the Lenders and the Borrower, on behalf of itself and the other Credit Parties; and
- (d) promptly deliver a copy of such Assignment and Acceptance to the Borrower.

Within ten (10) Business Days after receipt of notice, the Borrower shall execute and deliver to the Administrative Agent, in exchange for the surrendered Note (if required pursuant to this Section), a new Note to the order of such Eligible Assignee (if it is not already a Lender). Such new Note shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of the original Note delivered to the assigning Lender. Each surrendered Note shall be canceled and returned to the Borrower.

13.9.6 Participations. Each Lender may sell participations to one or more banks or other entities in all or a portion of its rights and/or obligations under this Agreement (including, without limitation, all or a portion of its Extensions of Credit and the Notes held by it); provided that:

- (a) each such participation shall be in an amount not less than \$5,000,000;
- (b) such Lender's obligations under this Agreement (including, without limitation, its Aggregate Revolving Credit Commitment) shall remain unchanged;
- (c) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations;
- (d) the Credit Parties, the Administrative Agent, the Arranger and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement;
- (e) such Lender shall not permit such participant the right to approve any waivers, amendments or other modifications to this Agreement or any other Loan Document other than waivers, amendments or modifications

which would reduce the principal of or the interest rate in respect of any Loan or Reimbursement Obligation in which such participant has an interest, extend the term or increase the amount of the Commitment in which such participant has an interest or reduce the amount of any fees to which such participant is entitled, extend any scheduled payment date for principal, interest or fees on any Loan, or release any Guarantor from its guaranty hereunder, except as expressly contemplated hereby or thereby; and

(f) any such disposition shall not, without the consent of the Borrower, on behalf of itself and the other Credit Parties, require the Borrower or any other Credit Party, to (A) file a registration statement with the Securities and Exchange Commission or apply to or qualify the Revolving Credit Loans or the Revolving Credit Notes under the blue sky law of any state or (B) have additional compensation requirements pursuant to Sections 4.8, 4.10 or 4.11.

13.9.7 Disclosure of Information; Confidentiality. Each of the Administrative Agent, the Issuing Lender and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates, directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (after providing notice to the Borrower, to the extent practicable, to permit an opportunity to seek a protective order or injunctive relief), (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement, (g) with the prior written consent of the Borrower, (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section by the disclosing party or (ii) becomes available to the Administrative Agent, the Issuing Lender or any Lender on a nonconfidential basis from a source other than the Credit Parties unless the Administrative Agent, the Issuing Lender or such Lender, as applicable, has actual knowledge that the disclosure of such Information by such source constituted a breach of an obligation of such source to maintain confidentiality of such Information or (i) to Gold Sheets and other similar bank trade publications, such information to consist of deal terms and other information (customarily found in such publications) upon the Borrower's prior review and approval. For the purposes of this Section, "Information" means all information received from the Credit Parties or any of their Subsidiaries relating to the Credit Parties or their business, other than any such information that is available to the Administrative Agent, the Issuing Lender or any Lender on a nonconfidential basis prior to disclosure by the Credit Parties. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.



13.9.8 Certain Pledges or Assignments. Nothing herein shall prohibit any Lender from pledging or assigning any Note to any Federal Reserve Bank in accordance with Applicable Law.

Section 13.10 Amendments, Waivers and Consents.

Except as set forth below, any term, covenant, agreement or condition of this Agreement or any of the other Loan Documents may be amended or waived by the Lenders and any consent may be given by the Lenders, if, but only if, such amendment, waiver or consent is in writing signed by the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders) and delivered to the Administrative Agent and, in the case of an amendment, signed by the Credit Parties; provided, that no amendment, waiver or consent shall, without the consent of each Lender affected thereby, (a) increase the amount or extend the time of the obligation of the Lenders to make Loans or issue or participate in Letters of Credit (except as expressly contemplated by Section 2.7 or Section 2.8), (b) extend the originally scheduled time or times of payment of the principal of any Loan or Reimbursement Obligation or the time or times of payment of interest or fees on any Loan or Reimbursement Obligation, (c) reduce the rate of interest or fees payable on any Loan or Reimbursement Obligation, (d) reduce the principal amount of any Loan or Reimbursement Obligation, (e) permit any subordination of the principal or interest on any Loan or Reimbursement Obligation, (f) permit any assignment (other than as specifically permitted or contemplated in this Agreement) of any of the Credit Parties' rights and obligations hereunder, (g) release any Guarantor from its guaranty hereunder other than upon the disposition by the Borrower of its interest in such Guarantor in accordance with the terms of this Agreement or (h) amend the provisions of this Section 13.10 or the definition of Required Lenders. In addition, no amendment, waiver or consent to the provisions of (i) Article XII shall be made without the written consent of the Administrative Agent and (ii) Article III shall be made without the written consent of each Issuing Lender.

Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above, (x) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Federal Bankruptcy Code (as now or hereafter in effect) supersedes the unanimous consent provisions set forth herein and (y) the Required Lenders may consent to allow a Credit Party to use cash collateral in the context of a bankruptcy or insolvency proceeding.

Section 13.11 Performance of Duties.

The Credit Parties' obligations under this Agreement and each of the Loan Documents shall be performed by the Credit Parties at their sole cost and expense.

Section 13.12 All Powers Coupled with Interest.

All powers of attorney and other authorizations granted to the Lenders, the Administrative Agent and any Persons designated by the Administrative Agent or any Lender pursuant to any provisions of this Agreement

or any of the other Loan Documents shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied or the Credit Facility has not been terminated.

Section 13.13 Survival of Indemnities.

Notwithstanding any termination of this Agreement, the indemnities to which the Administrative Agent and the Lenders are entitled under the provisions of this Article XIII and any other provision of this Agreement and the Loan Documents shall continue in full force and effect after the termination of the Lenders' commitments hereunder and shall protect the Administrative Agent and the Lenders against events arising after such termination as well as before, including after the Borrower's acceptance of the Lenders' commitments for the Credit Facility, notwithstanding any failure of such facility to close.

Section 13.14 Titles and Captions.

Titles and captions of Articles, Sections and subsections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

Section 13.15 Severability of Provisions.

Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 13.16 Counterparts.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and shall be binding upon all parties, their successors and assigns, and all of which taken together shall constitute one and the same agreement. Delivery of any executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 13.17 Binding Effect; Amendment and Restatement; Term of Agreement.

13.17.1 This Agreement shall become effective at such time, on or after the Closing Date, that the conditions precedent set forth in Section 5.2 have been satisfied or waived and when it shall have been executed by each of the Credit Parties and the Administrative Agent, and the Administrative Agent shall have received copies of the signature pages hereto (telefaxed or otherwise) which, when taken together, bear the signatures of each Lender (including the Issuing Lender), and thereafter this Agreement shall be binding upon and inure to the benefit of each Credit Party, each Lender (including the Issuing Lender) and the Administrative Agent, together with their permitted successors and assigns.

13.17.2 This Agreement shall remain in effect from the Closing Date through and including the date upon which all Obligations (other than

obligations owing by any Credit Party to any Lender or Affiliate of a Lender or the Administrative Agent under any Hedging Agreement) shall have been indefeasibly and irrevocably paid and satisfied in full. No termination of this Agreement shall affect the rights and obligations of the parties hereto arising prior to such termination.

Section 13.18 Inconsistencies with Other Documents; Independent Effect of Covenants.

13.18.1 In the event there is a conflict or inconsistency between this Agreement and any other Loan Document, the terms of this Agreement shall control, provided, that in the event there is a conflict or inconsistency between this Agreement and the letter agreement between the Administrative Agent and the Borrower dated as of July 12, 2000 governing certain fees (the "Fee Letter Agreement"), which conflict or inconsistency relates solely to a matter affecting (i) the Administrative Agent and/or its Affiliates on one hand and (ii) the Borrower on the other, the Fee Letter Agreement shall control.

13.18.2 The Borrower expressly acknowledges and agrees that each covenant contained in Article VIII and Article IX hereof shall be given independent effect.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

BORROWER: THE PITTSTON COMPANY,  
a Virginia corporation

By:/s/  
-----

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

GUARANTORS: PITTSTON SERVICES GROUP, INC.,  
a Virginia corporation

By:/s/  
-----

Name: James B. Hartough  
Title: Vice President and Treasurer

Notice Address:  
Pittston Services Group Inc.  
1801 Bayberry Court  
P.O. Box 18100  
Richmond, Virginia 23226-8100  
Attn: James B. Hartough, Vice President and Treasurer  
Facsimile: (804) 289-9760

PITTSTON MINERALS GROUP INC.,  
a Virginia corporation

By:/s/  
-----

Name: James B. Hartough  
Title: Vice President and Treasurer

Notice Address:  
Pittston Minerals Group Inc.  
1801 Bayberry Court  
P.O. Box 18100  
Richmond, Virginia 23226-8100  
Attn: James B. Hartough, Vice President and Treasurer  
Facsimile: (804) 289-9760

[Signature Pages Continue]

PITTSTON COAL COMPANY,  
a Delaware corporation

By:/s/  
-----

Name: James B. Hartough  
Title: Vice President and Treasurer

Notice Address:  
Pittston Coal Company  
448 N.E. Main Street  
Route 19  
P.O. Box 5100  
Lebanon, Virginia 24266  
Attn: David C. Fields, Vice President and Chief  
Financial Officer  
Facsimile: (540) 889-6060

BAX HOLDING COMPANY,  
a Virginia corporation

By:/s/  
-----

Name: James B. Hartough  
Title: Vice President and Treasurer

Notice Address:  
BAX Holding Company  
1801 Bayberry Court  
P.O. Box 18100  
Richmond, Virginia 23226-8100  
Attn: James B. Hartough, Vice President and Treasurer  
Facsimile: (804) 289-9760

BAX GLOBAL INC.,  
a Delaware corporation

By:/s/  
-----

Name: James B. Hartough  
Title: Treasurer and Assistant Secretary

Notice Address:  
BAX Global Inc.  
16808 Armstrong Avenue  
Irvine, California 92713  
Attn: Daniel Crowley, Executive Vice President and  
Chief Financial Officer  
Facsimile: (949) 260-2305

[Signature Pages Continue]

BRINK'S HOLDING COMPANY,  
a Delaware corporation

By:/s/  
-----

Name: James B. Hartough  
Title: Vice President and Treasurer

Notice Address:  
Brink's Holding Company  
1801 Bayberry Court  
P.O. Box 18100  
Richmond, Virginia 23226-8100  
Attn: James B. Hartough, Vice President and Treasurer  
Facsimile: (804) 289-9760

BRINK'S, INCORPORATED,  
a Delaware corporation

By:/s/  
-----

Name: Michael T. Dan  
Title: Chairman of the Board and Chief Executive Officer

Notice Address:  
Brink's, Incorporated  
One Thorndal Circle  
Darien, Connecticut 06820-1225  
Attn: Christopher P. Corrini, Senior Vice President  
and Chief Financial Officer  
Facsimile: (203) 662-7854

BRINK'S HOME SECURITY, INC.,  
a Delaware corporation

By:/s/  
-----

Name: James B. Hartough  
Title: Assistant Treasurer

Notice Address:  
Brink's Home Security, Inc.  
8880 Esters Boulevard  
Irving, Texas 75063  
Attn: Stephen C. Yevich, Senior Vice President -  
Finance/Planning  
Facsimile: (972) 871-3307

[Signature Pages Continue]

LENDERS:

BANK OF AMERICA, N.A.,  
individually and as Administrative Agent

By:/s/  
-----

Name: Robert Mauriello  
Title: Vice President

THE CHASE MANHATTAN BANK

By:/s/  
-----

Name: Sherry Misiak  
Title: Vice President

FLEET NATIONAL BANK

By:/s/  
-----

Name: Jana Dombrowski  
Title: Vice President

CREDIT SUISSE FIRST BOSTON

By:/s/  
-----

Name: Robert N. Finney      William S. Lutkins  
Title: Managing Director      Vice President

THE BANK OF NOVA SCOTIA

By:/s/  
-----

Name: John Hopmans  
Title: Managing Director

MELLON BANK, N.A.

By:/s/  
-----

Name: Edward L. McGrath  
Title: First Vice President

FIRST UNION NATIONAL BANK

By:/s/  
-----

Name: Shannan S. Townsend  
Title: Vice President

[Signature Pages Continue]





This schedule contains summary financial information from The Pittston Company Form 10Q for the nine months ended September 30, 2000, and is qualified in its entirety by reference to such financial statements.

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9-MOS

	DEC-31-2000	
	SEP-30-2000	
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	3,067,644	
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	15,885	
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16,953		
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	0	
		0
	16,953	
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		0.34